International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper | R | Paris, Wednesday, July 23, 1997 | No. 35,580

TODAY: STAGE Arts/Leisure, Page 10

Greenspan Blessing Spurs U.S. Markets

Fed Chief Predicts Low Inflation

By Mitchell Martin
International Herald Tribune

NEW YORK — Alan Greenspan, chairman of the U.S. central bank, served up a tonic to investors Tuesday, saying the Federal Reserve Board had revised its forecasts for the American economy to show faster growth and slower inflation than it predicted six months ago.

Stocks and bonds rallied along with an already strong dollar, which cracked the 1.82 Deutsche mark barrier, as the Fed chairman told the House of Representatives Banking Committee that central bankers "anticipate that the economy will grow at a moderate pace in the second half of this year and in 1998 and that inflation will remain low."

Mr. Greenspan was delivering the Fed chairman's semiannual report to Congress, known as the Humphrey-Hawkins testimony after the legislation that mandated it. According to the Fed report that was the basis for Mr. Greenspan's testimony, "Federal Reserve policymakers have revised upward their expectations for growth of real activity in 1997 and trimmed their forecasts of inflation. This combination of revisions highlights the extraordinarily positive conditions still prevailing more than six years into the current economic expansion."

He said that although low oil prices and a strong dollar were partly responsible for the good performance, it also might reflect "more durable changes in our economy, notably a greater flexibility and competitiveness in labor and product markets and more rapid, technology-driven gains in efficiency." He added, "In essence, the economy may be experiencing an upward shift in its longer-range output potential."

Such optimism is unusual from Mr. Greenspan, who spent much of last winter questioning the strength of the financial markets. On Dec. 5, when he suggested that investors might be displaying "irrational exuberance" that had "unduly escalated asset values," the Dow Jones industrial average was trading near 6,400 points. After his comments Tuesday, the index of American blue-chip stocks jumped more than 130 points to rise above 8,000 in late trading — about 25 percent higher than it was when he made the "irrational exuberance" comment.

His comments were well received in the bond market. The yield on the 30-year Treasury bond fell to 6.41 percent from 6.54 percent late Monday, taking it down to the lowest level since Mr.

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The Dollar		
New York	Tuesday @ 4 P.M.	previous close
DM	1.8245	1.7963
Pound	1.6805	1.6787
Yen	114.95	116.15
FF	6.142	6.0565

The Dow		
change	Tuesday close	previous close
+154.93	8061.65	7906.72

S&P 500		
change	Tuesday @ 4 P.M.	previous close
+20.93	933.91	912.98

Clark Jones/The Associated Press

Alan Greenspan, the Federal Reserve chairman, sees solid growth.

Boeing Merger Set to Fly

EU Expected to Approve Deal After Concessions

By Tom Buerkle
International Herald Tribune

BRUSSELS — Boeing Co. appeared set to win European approval for its planned merger with McDonnell Douglas Corp. after making last-minute concessions to Europe's antitrust chief Tuesday, people involved in the negotiations said.

These people said the breakthrough involved Boeing dropping its status as exclusive supplier of aircraft in long-term contracts with three major U.S. airlines. It was expected to enable the European Commission to endorse the deal, valued at around $14 billion, at a meeting here Wednesday, these people said.

European approval of the merger would avert the possibility of a damaging trans-Atlantic trade war centered on Boeing and Europe's Airbus Industrie, two of the world's most politically sensitive and technologically advanced corporate entities.

Boeing's new ventures stay close to aerospace. Page 13.

The development is said to have followed high-level political interventions that underlined the stakes involved. President Bill Clinton, who last week threatened trade retaliation against Europe if the merger was blocked, telephoned Prime Minister Jean-Claude Juncker of Luxembourg, which holds the European Union presidency, while Secretary of State Madeleine Albright lobbied on Boeing's behalf in a call to Klaus Kinkel, the German foreign minister.

"I think there's a way to work this out," Mr. Clinton said Tuesday in Washington. "I am hopeful that by Wednesday, when the commission meets, that an agreement will have been reached."

Stuart Eizenstat, the U.S. undersecretary of state for economic affairs, who has been closely involved in Washington's lobbying efforts, said, "We think that progress has been made and we hope there will be a clearance given to

See BOEING, Page 6

Ulster Peace Threatened by Rift on Disarming

Protestants Oppose a Sinn Fein Return To Talks Before a Commitment on Arms

Compiled by Our Staff From Dispatches

BELFAST — The peace effort in Northern Ireland suffered a new setback Tuesday as Britain acknowledged that pro-Unionist Protestant politicians would block proposals to be voted on Wednesday on how guerrilla groups should surrender their weapons

The faltering peace process, which got a boost Sunday when the Irish Republican Army declared a cease-fire, came under a further threat when the Protestant majority's most hard-line leader, the Reverend Ian Paisley, vowed to take his party out of the peace negotiations and declared the Northern Ireland peace process "dead in the water."

The Northern Ireland secretary, Mo Mowlam, said after Mr. Paisley met Prime Minister Tony Blair in London on Tuesday that she had not given up hope about the vote Wednesday, in which peace talk participants will decide on a British-Irish proposal that the "decommissioning" — or surrender — of weapons be taken up by a subcommittee, in parallel with the political negotiations.

But she added: "It is becoming less clear, and more likely that there won't be an agreement tomorrow afternoon."

Mr. Paisley, leader of the pro-British Democratic Unionist Party, called on the province's largest party — the Ulster Unionists — to join him in voting against the proposal. He said his party would leave the peace talks after the vote on guerrilla disarmament.

His party is the second largest representing the pro-British Protestant majority in Northern Ireland. A smaller party, the UK Unionists, withdrew from the talks Monday.

The weapons proposal deals with ways the Irish Republican Army would start disarming during the negotiations, which are to resume Sept. 15.

The Irish Republican Army began an open-ended truce Sunday in exchange for Prime Minister Tony Blair's promise that Sinn Fein, the political arm of the IRA, could gradually be introduced to the talks.

The unionists oppose allowing Sinn Fein into the talks without a firm commitment from the guerrillas to hand in the guns and explosives they have accumulated in their 28-year war against British rule in Northern Ireland.

The Sinn Fein president, Gerry Adams, urged the Protestant Unionist parties to stay at the conference table and join Sinn Fein in trying to bridge the gulf between them.

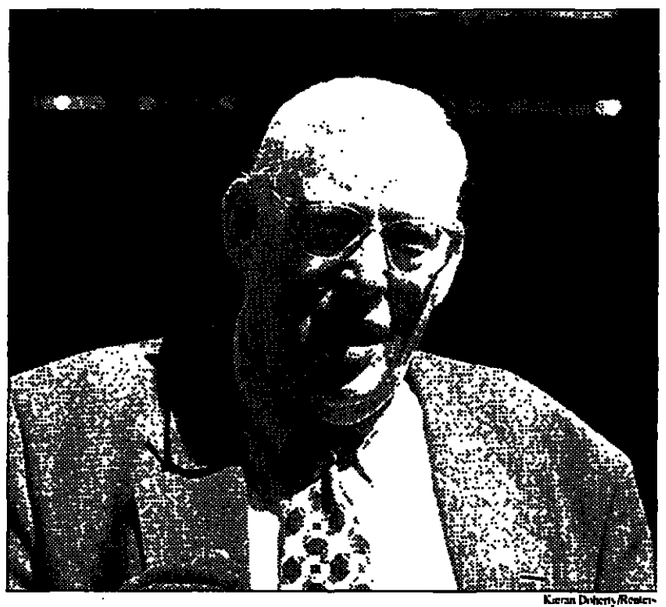
"What are they afraid of?" he asked. "Can they not have the courage of their convictions and sit down with their neighbors, their fellow citizens, to try to work out a resolution of these difficulties?"

Northern Ireland's leading unionist, David Trimble, leader of the Ulster Unionist Party, told Mr. Blair on Monday that the IRA must start handing in its weapons or the talks would fail.

Mr. Trimble insisted that he must keep his options open.

"We are not in the mode of walking out," he said. "We are there to try and achieve things. If it's a genuine cease-fire, a genuine ending of violence, then what is the problem in handing over weapons? Indeed, that is the whole point of the exercise. It is a litmus test for the IRA."

Despite the expected rebuff on Wednesday, the government remains committed to Sept. 15 for the start of peace talks, the secretary for Northern Ireland said. *(Reuters, AFP, AP)*



Kieran Doherty/Reuters

Ian Paisley of the Democratic Unionist Party after meeting Prime Minister Tony Blair on Tuesday. He said the peace process was "dead."

Italian Court Jails Nazi For 5 Years

SS Captain Was Freed After a Trial Last Year

By Celestine Bohlen
New York Times Service

PORTOFERRAIO, ITALY — An Italian military court Tuesday handed out prison sentences to two former Nazi SS officers for their part in a civilian massacre outside Rome in 1944, putting to rest the longest running, most emotionally charged and legally contentious of Italy's war crimes trials.

Just one year after a similar tribunal set him free, igniting a storm of protest across Italy, Erich Priebke, 83, a former SS captain who was extradited from Argentina in 1995, was given a 15-year prison sentence, which was reduced to five years due to mitigating circumstances.

Mr. Priebke's lawyer said he would appeal the verdict. His client is now under house arrest at a Franciscan monastery outside Rome.

Karl Hass, an 84-year-old former SS major, was given a 10-year sentence, which was reduced to eight months. Since he has spent that much time under arrest before and during the trial, Mr. Hass was due to be set free.

The verdict and the sentence against Mr. Priebke, who had helped organize the March 24, 1944, execution of 335 men and boys in reprisal for a partisan attack on German soldiers in Rome, was greeted with satisfaction by members of the victims' families, and leaders of Jewish groups in Italy.

Seventy-five of the victims, most of whom had been rounded up from Nazi jails in occupied Rome, were Jewish.

"The number of years is not important," said Julia Spizzichino, speaking to reporters at the courthouse in Rome. She lost seven relatives in the massacre. "What is important is that Priebke's name will always be associated with shame."

Mr. Priebke escaped justice for his role in the massacre at the Ardeatine Caves, where he has admitted to having shot two of the victims in the back of the head, when he fled Italy for South America soon after the end of World War II.

His commander, Herbert Kappler, the Gestapo chief in Rome who was responsible for the executions, was tried and sentenced to life imprisonment. But he managed to escape Italy shortly before his death, having been smuggled

See NAZI, Page 6

France's Socialism With a Market Edge

New Finance Minister Strives to Balance Investors and Party Ideology

By Alan Friedman
International Herald Tribune

PARIS — A day after earning the wrath of French industrialists by ordering higher corporate taxes, France's new finance minister demonstrated Tuesday that his brand of socialism had a market agenda as well.

In an interview, Dominique Strauss-Kahn bluntly acknowledged that his government would not be able to bring down the country's 12.5 percent unemployment rate before the end of 1998. And he urged labor to become part of the solution, saying that French workers had to learn to become more mobile.

Mr. Strauss-Kahn also vowed to help reduce public spending by tackling welfare reform this fall, indicating that companies would not be expected to bear the full brunt of reducing France's yawning budget deficit. The finance minister's remarks, on these and other issues, provided a first public glimpse of his market orientation.

The election on June 1 that raised the Socialist leader, Lionel Jospin, to the post of prime minister heightened investors' fears, for the most part still undiminished, that France's new government was not prepared to come to terms with the urgent need for economic reforms.

An aide to Mr. Strauss-Kahn was eager Tuesday to stress the minister's "pragmatism," as well as his attentiveness to a world economy in which the fate of a government's policy can easily be at the mercy of financial markets.

Mr. Strauss-Kahn, sounding more like a foreign investor than the finance minister in a distinctly leftist government, said that "a great deal of restructuring in the public sector, in the labor market and in the welfare state has not taken place in France as much as it has in other countries."

Asked to comment on the U.S. dollar's strength against the French currency, Mr. Strauss-Kahn said: "I can't make any comment on the franc. But I think the process in currency markets has now stabilized. The current strength of the dollar against the franc is neither a tragedy nor a good thing. We just have to cope with financial markets. At current levels, I expect the big movements are now at an end."

Remarking on France's record unemployment level, he said, "I think unemployment will be flat at the same level for some time and will decrease from its current level at the end of 1998." He conceded that his new package of def-

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AGENDA

Clinton Nominates Envoy to Britain

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The IHT on-line http://www.iht.com

WASHINGTON (AFP) — President Bill Clinton has nominated the head of the Small Business Administration, Philip Lader, as ambassador to Britain, the White House said Tuesday.

Mr. Lader, who has also served as assistant to the president, was co-founder of the annual Renaissance Weekend retreats for political, religious and business leaders attended by Mr. Clinton. If his nomination is confirmed by the Senate, he would replace retired Admiral William Crowe.

Yeltsin Rejects Measure to Curb Religion

President Boris Yeltsin of Russia on Tuesday rejected a bill, opposed by the United States, that would have imposed tough new curbs on religious freedom in Russia.

In its first comprehensive review of persecution of Christian groups around the world, the U.S. government sharply criticized China for suppressing religious worship. Page 7.

Americans Hit the Road

Economic Boom and High Dollar Spur Tourism

By Judith Evans
Washington Post Service

WASHINGTON — American families are flocking to Orlando to celebrate Disney World's 25th anniversary. Others are packing planes to Italy and France. And so many tourists are heading to New York that it is no easy task to find a hotel room there.

Even compared with last summer's extremely busy travel season, early signs this summer show U.S. consumers are hitting the road in larger numbers and paying higher prices, travel agents and other industry specialists say.

The strong U.S. economy is fueling the travel boom: With low inflation, solid economic growth, a strong dollar and a surging stock market, consumers feel that they have money to spend.

"You've really got a favorable set of circumstances for consumer spending generally," said Joel Prakken, an economist at Macroeconomics Advisers.

"You've got strong gains in employment, and people have jobs that haven't had them for a while or at all. The first thing they have to do is feed, house and clothe themselves. Eventually, when those needs are met, they can think about things like travel."

Americans continue to shift money into vacations as part of the country's economic expansion, the third-longest since World War II. Many Americans — particularly those born during the baby boom in about the first two decades after World War II — have amassed wealth over the past several years from rising incomes and growing investments, and travel is an immediate way to treat themselves and their families.

An estimated 230 million trips will be taken by Americans during June, July and August, up 2 percent from the same period a year earlier, according to a survey released in May by the Travel Industry Association of America and the American Automobile Association.

While the increases from last year are modest, industry experts point out that the summer of 1996 was a record travel season.

"We have had more miscellaneous

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Newsstand Prices			
Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,800 CFA	Qatar	10.00 Rials
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

Paul Vicente/Agence France-Presse

Visitors cooling off at Trafalgar Square in London on Tuesday. A record 9.5 million Americans are expected to visit Europe this summer.

U.S. Links Hun Sen Allies To Cambodia Drug Trade

By Nate Thayer
Washington Post Service

PHNOM PENH — When a prominent businessman and senior adviser to Second Prime Minister Hun Sen was implicated in an attempt to smuggle seven tons of marijuana out of Cambodia recently, a top official in the government's royalist faction vowed to seek his arrest.

"The court is preparing documents to arrest him now," Ho Sok, the secretary of state for the interior, said of the businessman, Mong Rethy.

Mr. Hun Sen responded with a blunt warning: Anyone trying to arrest Mr. Mong Rethy, who had contributed more than $45 million to Mr. Hun Sen's development projects, should "wear a steel helmet," he said.

The warning turned out to be prophetic. During a coup two weeks ago in which Mr. Hun Sen ousted his rival co-prime minister, Prince Norodom Ranariddh, Mr. Ho Sok was hunted down by Mr. Hun Sen's forces and killed with a bullet to the head.

According to Western anti-narcotics officials and Cambodian sources, Mr. Hun Sen has surrounded himself with suspected drug traffickers who bankroll his projects, lavish gifts on him and other leaders and seem bent on turning this country of 10 million people into an Asian narco-state.

In recent years, Cambodia has grown into a major transshipment center for Southeast Asian heroin, a significant exporter of home-grown marijuana and a haven for money laundering. At least 120 tons of Cambodian marijuana were seized in Europe last year, and hundreds of tons more are believed to have gotten through, anti-narcotics agents say.

Cambodia has become "the single fastest-growing narcotics trans-shipment point in the world," three U.S. senators asserted in a letter to Secretary of State Madeleine Albright last month.

Calling the drug trade a "critical threat" to Cambodia's government, people and future development, they

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AT&T

A New Potemkin Village? / **Moscow's 850th Anniversary**

City's Magnificent Makeover – on the Outside

By Daniel Williams
Washington Post Service

MOSCOW — Just across from the Russian Parliament, prostitutes were arrayed in various colorful costumes — hot pants, athletic outfits, bikini and net-stocking combos — as is usual on these warm, long summer evenings.

When a couple of policemen strolled by, many of the women pivoted on their high heels, rushed into parked cars and were driven away quickly by brawny men, mostly in T-shirts.

Not long ago, the appearance of a couple of callow-looking cops would not have frightened the women. But these days, things are different. As part of an effort to spruce up Moscow in advance of celebrations for its 850th anniversary later this summer, the sidewalks must also be clean of prostitutes.

"Yes, they want to protect the tourists from us," said Galia, 22, who said she went to the corner frequently to feed a gray cat named Smoke.

The assault on the prostitutes — there is no law against prostitution in Russia — is emblematic of how the city's makeover is turning Moscow into a Potemkin village. Of course, Russia invented the Potemkin village. The term refers to a political tactic used originally by Grigori Potemkin, a lover and adviser of Catherine the Great; in advance of her inspection tours, he would fix poor villages superficially so she could declare everyone prosperous and go home satisfied with the wisdom of her reign.

Mayor Yuri Luzhkov of Moscow, who is orchestrating the anniversary preparations, seems to have something of Potemkin in him. Grimy buildings all over the city are getting a paint job. Railway stations that are sooty inside and littered with drunks are bright and clean on the outside. The undersides of bridges that are in danger of crumbling from lack of maintenance have been spray-painted silver. Rusting factories that have stopped functioning have been given a new gloss.

Mr. Luzhkov, who most observers say has his eye on the presidency, calls the pre-anniversary cleanup campaign Project Light Facades. His brush has touched numerous city landmarks: the Kiev railroad station, the Manezh exhibition hall near the Kremlin, theaters and other buildings on and around Tverskaya Street, and the huge, Stalin-built skyscrapers that are turning vanilla instead of their usual drab gray-brown.

A prostitute working the streets in Moscow, above, near former KGB headquarters, and another, left, being held in a police cell. The city is cracking down on prostitution as part of its makeover.

Opposition to the project centers on its costs — in the millions of dollars, at a time when hospitals are crumbling, teachers are underpaid and crime is rampant — and on its skin-deep quality. The sweep of the prostitutes is also strictly for looks. There is no pretense of reforming the women or even protecting their health. Muscovites assume the police are part of the racket.

"We cannot be shamed before the whole world when people come for the 850th anniversary celebrations," Internal Affairs Minister Anatoli Kulikov said at a recent news conference.

MR. KULIKOV claimed to be shocked at the level of prostitution within sight of the Kremlin, particularly in front of Parliament. A friend, Mr. Kulikov said, had tipped him off.

"All in all, there were about 500 of them!" he said of his discovery. "They nearly dragged me out of my car. It was a good thing the doors were closed."

In the past, City Hall has tried to resolve a homeless problem by rounding up vagrants and transporting them beyond the city limits.

So far no such drastic action has been taken against the prostitutes. On a few nights, groups of women have been hauled by bus to lectures given by officials from the central city district. One official, Alexander Muzykantsky, warned that "pestering of men on the street must stop," according to newspaper reports.

"On the eve of the anniversary of Moscow, we cannot reconcile ourselves to the fact that a normal man cannot go near the Kremlin or the Parliament, because of the concentration of girls for sale," he said.

In any case, the sex traffic, with its lure of quick money in hard economic times, has yet to be diverted from the heart of the city.

The other night, three women standing in front of the Intourist Hotel — where the KGB used to employ call girls to compromise foreign visitors — seemed unfazed by the campaign.

"I heard about it," said one.

"I saw it on television," said a second.

"We know nothing," said the third.

Galia, who was again feeding Smoke, the cat, in front of Parliament, said that even the anniversary would not long dent the workday. "I don't have any complexes about it. People have to do what they have to do to survive. The police just come and go."

Sure enough, the women who had fled the policemen returned to their curbside practice.

A Tale of Slavery In Modern Times

Deaf-Mutes in Mexico Lured To New York and Exploited

By Mark Fineman
Los Angeles Times Service

MEXICO CITY — The mother of Ismael Santiago Garcia wept as she pleaded last year with her 22-year-old son, a deaf-mute, not to leave Mexico City and go to the United States with a man they knew only as Senor Paoletti.

"With tears in my eyes I told him, 'You shouldn't go because you don't know this man,'" the mother, Juana Ofelia Garcia, said in a radio interview here Monday. "But when they're young, boys don't always know what they're doing."

And so, Mr. Santiago left on May 9, 1996, paying his own way — either to Los Angeles or to New York — she still isn't sure which.

Three months later, she went on, an envelope arrived with photographs of her son but there was no note or return address.

Then, after a year without news, Mrs. Garcia and dozens of other relatives here heard reports Sunday that their missing deaf-mute sons, daughters, sisters and brothers might be among scores of Mexicans who, the police said, were held as virtual slaves in New York City.

The police allege that members of the Paoletti family — many of them deaf and mute themselves — coerced 57 Mexicans under threat of beating, to sell key rings and trinkets for $1 in subways and at airports.

New York officials said Sunday some of the Mexicans said they had been kidnapped.

Four members of the Paoletti family were among seven suspected Mexican smugglers arrested Sunday.

Four of the seven were arraigned Monday in federal court in New York. They were charged with conspiracy to recruit, transport and conceal illegal migrants. If convicted, each could face a sentence of 10 years for every migrant involved.

The police were still searching for Reinaldo Rustrian Paoletti, the alleged patriarch of the group accused of smuggling dozens of deaf-mute Mexicans into the United States and keeping them in two small New York apartments while forcing them to work 18-hour days for a fraction of the profits.

Relatives and educators of the deaf and mute in Mexico City, where many were recruited, reacted with outrage and despair. For some, it confirmed their worst fears.

What is more, several religious leaders and educators who work with the deaf and mute here said they knew of other groups that have recruited the hearing and speech impaired from Mexico's squalor with the promise of big money in the United States.

None, however, indicated that the recruits had been kidnapped.

Most said they were convinced that hundreds of Mexican deaf-mutes have been recruited as trinket vendors in recent years and might be living under similar conditions in other U.S. cities.

"I know of others who have gone to the United States, including people from this institute, who have gotten trapped in this deception," said the Reverend Martin Montoya Garcia, director of the Rosendo Olleta Institute, a church school in Mexico City that educates low-income deaf and mute people. "So for me, this is not strange or unknown.

"I've heard of other operations in Mexico City, Monterrey, Guadalajara and Torreon. In April, when I was in Torreon, I talked to deaf-mute children at another institute. I heard them talk about a person called La Gringa who invited them to come with her to the United States."

Father Montoya, along with other educators and social workers, said many of the recruits were taken by bus to the border and smuggled into the United States.

TRAVEL UPDATE

Palestinian Airlines Inaugurated

GAZA (AFP) — Palestinian Airlines was to make its first flight Wednesday between Amman, Jordan, and the Egyptian airport closest to the Gaza Strip, the carrier's director-general said Tuesday.

The inaugural two-hour flight was to depart from El Arish on the Sinai Peninsula, said the official, Fayez Zaydan.

The airline has two Fokker 50 planes donated by the Netherlands that can each carry 48 passengers. Within the next few weeks, the carrier will start flying to Istanbul, Jidda, and Larnaca, Cyprus, Mr. Zaydan said.

Threat to Marshall Islands Flights

MAJURO, Marshall Islands (AFP) — International flights to the Marshall Islands are in danger of being stopped by a dispute between the government and island landowners, who have padlocked a gate to the airport fuel-storage station in Majuro.

Continental Micronesia, which links Majuro with Honolulu and Guam, said it would have to bypass the airport if planes could not refuel.

Turin is planning to offer free books to passengers during streetcar rides, city hall officials said. The operation, to start in September, is aimed to bolster interest in literature. (AFP)

Brazil and Thailand have signed an agreement exempting tourists from both countries from visa requirements, officials said. (AFP)

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Health Step or Sacrilege? Bison Kill Sparks Bitter Debate

By Dana Hull
Washington Post Service

YELLOWSTONE NATIONAL PARK — Last month, they counted the bison here again. Only 1,692 remained. That was down from 3,436 in October.

As the country's first national park celebrates its 125th anniversary this summer, and tourists swarm through its 2.2 million acres (900,000 hectares), the bison that are one of its main attractions are at the *center of a bitter debate about* wildlife management.

Many bison starved to death during the region's unusually harsh winter. As the remaining animals migrated north and west in search of food, they left the boundaries of Yellowstone — and the legal jurisdiction of the Park Service — and entered private land or national forest. There more of them, 1,084, according to Yellowstone officials, were shot outright or sent to slaughter, primarily by Montana agents who feared they would spread a devastating disease to cattle.

"Montana was shooting about as many as we were losing to cold weather," said Michael Gauldin, a spokesman for the Interior Department. "And most of the shootings occurred on public property, on land owned by the Forest Service." That agency is part of the Agriculture Department.

The killing of the bison has outraged conservation, environmental and animal rights groups, which maintain this is the largest slaughter of the wild animals since their near-extinction in the 19th century.

An activist splashed Agriculture Secretary Dan Glickman with bison entrails in Montana this spring. The Fund for Animals has called for a tourism boycott of the state. And American Indian tribes that revere the animal as sacred consider their death a sacrilege.

"It's a disgusting and reprehensible situation," said Mark Heckert, executive director of the InterTribal Bison Cooperative, a coalition of 42 American Indian tribes. "Over *the past five years federal and* state agencies have conspired to kill 3,000 buffalo."

Bison, a shaggy broad-shouldered type of buffalo, are not an endangered species. More than 150,000 exist in public and private herds in the United States and Canada; most are raised for meat. But the Yellowstone herd, which began with 23 animals in 1902, is unique. "It's the only population that remains free-ranging," said Wayne Brewster, deputy director of the Yellowstone Center for Resources.

Many wild bison as well as elk carry the bacterium that causes brucellosis, a disease that can cause miscarriages in domestic cattle. Brucellosis can be passed to humans in the form of undulant fever through unpasteurized, infected milk.

Although transmission of brucellosis from bison to cattle is possible, cases of transmission of the disease in the wild have yet to be documented. Conservationists contend that policy is being dictated by hysteria rather than scientific evidence.

Livestock officials respond that there is enough circumstantial evidence to support the risk of widespread infection.

The Agriculture Department's Animal and Plant Health Inspection Service is working to eradicate brucellosis, with 1998 as a target date. "Eradicating brucellosis from domestic cattle has been a 65-year, $3.5 billion effort," said Patrick Collins, a spokesman for the service. "It's a very real threat. Bison and elk are the last reservoir of the disease, and 50 percent of the Yellowstone bison have brucellosis."

Thirty-seven states have achieved a "brucellosis-free" status from the inspection service. Montana, where agriculture and livestock are mainstays of the economy, received the status in 1985. The certification allows ranchers to sell cattle on the open market without having to complete costly testing procedures.

"We've spent over $30 million to reach our 'free' status," said Larry Peterson, president of the Montana Department of Livestock. "It gives us the ability to export cattle without many restrictions, and we do a lot of trade with Canada. There's a strong economic impact if we lose that status."

The death of the bison is particularly painful for Indians, who would like to see buffalo restored to their lands. A "preferred alternative" plan now under consideration includes a provision to make bison that test negative for brucellosis available to tribes that want to establish herds.

"We understand what's happening to the buffalo because the same thing happened to us," said Fred DuBray, a Lakota from the Cheyenne River Sioux Tribe. "There was a time when government policy was to kill Native Americans on sight."

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather

Jetstream — Unseasonable Cold — Unseasonable Mild — Heavy Rain — Heavy Snow

Europe

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Algiers	31/88	17/62	pc	27/80	16/61	s
Amsterdam	21/70	11/52	sh	21/70	10/50	r
Ankara	37/99	19/66	s	36/97	16/61	s
Athens	32/90	21/70	s	33/91	24/75	s
Barcelona	30/86	19/64	pc	32/89	18/64	s
Belgrade	29/84	17/62	pc	30/86	19/66	pc
Berlin	24/75	12/54	pc	26/79	11/52	s
Brussels	23/73	17/62	pc	26/79	14/57	s
Budapest	28/82	17/62	pc	29/84	20/68	s
Copenhagen	24/75	15/59	pc	26/79	16/61	pc
Costa Del Sol	34/93	25/77	s	32/89	24/75	s
Dublin	21/70	13/55	pc	21/70	14/57	r
Edinburgh	22/71	15/59	r	23/73	14/57	r
Florence	32/89	19/66	pc	32/89	17/62	sh
Frankfurt	29/84	16/61	pc	26/79	17/62	pc
Geneva	31/88	14/57	s	19/66	12/53	r
Helsinki	17/62	11/52	sh	24/75	14/57	s
Istanbul	29/84	18/64	pc	28/82	18/64	pc
Kiev	32/89	13/55	r	24/75	15/59	pc
Las Palmas	28/82	17/62	s	24/75	18/64	s
Lisbon	24/75	17/62	pc	27/80	19/66	s
London	23/73	14/57	s	23/73	10/50	pc
Madrid	29/84	14/57	sh	27/80	13/55	pc
Malaga	34/93	18/64	pc	31/88	15/59	s
Milan	32/89	17/62	r	29/84	16/61	r
Moscow	25/77	13/55	pc	24/75	13/55	s
Munich	24/75	14/57	pc	26/79	15/59	pc
Nice	27/80	19/66	pc	30/86	19/66	pc
Oslo	21/70	12/53	r	21/70	10/50	c
Paris	19/66	14/57	r	21/70	12/53	c
Prague	24/75	14/57	c	26/79	17/62	sh
Reykjavik	13/55	11/52	r	13/55	[illegible]	r
Riga	20/68	10/50	r	25/77	16/61	r
Rome	31/88	21/70	pc	29/84	18/64	c
St Petersburg	24/75	15/59	pc	24/75	10/50	pc
Stockholm	24/75	10/50	c	25/77	15/59	c
Strasbourg	24/75	10/50	s	23/73	10/50	r
Tallinn	20/68	17/62	sh	24/75	14/57	c
Tbilisi	30/86	17/62	pc	29/84	18/64	c
Venice	30/86	19/66	pc	29/84	19/66	sh
Vienna	26/79	17/62	pc	29/84	19/66	c
Warsaw	24/75	14/57	pc	27/80	15/59	pc
Zurich	27/80	10/50	s	23/73	14/57	r

Middle East

Abu Dhabi	43/109	29/84	s	45/109	29/84	s
Beirut	28/82	18/64	s	27/80	20/68	s
Cairo	37/99	17/62	s	35/95	21/70	s
Damascus	31/88	13/55	s	32/89	14/57	s
Jerusalem	29/84	13/55	s	29/84	14/57	s
Luxor	42/107	20/68	s	42/107	20/68	s
Riyadh	42/107	28/82	s	43/109	29/84	s

Asia

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Almaty	35/95	19/61	s	34/93	15/59	s
Baku	31/88	21/70	s	29/84	22/71	sh
Bangkok	34/93	26/79	r	30/86	25/77	r
Beijing	33/91	24/75	pc	34/93	26/79	s
Bishkek	34/93	25/77	r	28/82	26/79	r
Calcutta	31/88	24/75	r	31/88	24/75	r
Chiang Mai	36/96	24/75	t	36/96	26/79	r
Colombo	28/82	25/77	r	29/84	26/79	pc
Hanoi	32/89	26/79	pc	32/89	25/77	c
Ho Chi Minh	32/89	24/75	r	31/88	24/75	r
Hong Kong	30/86	24/75	pc	29/84	24/75	r
Islamabad	38/100	27/80	s	40/104	28/82	s
Jakarta	31/88	23/73	pc	31/88	24/75	pc
Karachi	33/91	26/79	pc	33/91	27/80	pc
K. Lumpur	31/88	23/73	r	31/88	23/73	r
M. Manado	31/88	21/70	pc	30/86	22/71	pc
Manila	31/88	23/73	c	31/88	23/73	c
New Delhi	34/93	26/79	pc	34/93	26/79	pc
Phnom Penh	31/88	24/75	r	32/89	24/75	r
Pusan	29/84	20/68	r	30/86	21/70	r
Rangoon	29/84	26/79	t	29/84	26/79	r
Seoul	32/89	23/73	r	30/86	22/71	pc
Shanghai	32/89	22/71	pc	30/86	22/71	pc
Singapore	31/88	25/77	pc	31/88	23/73	pc
Taipei	31/88	23/73	pc	32/89	23/73	pc
Tokyo	28/82	22/71	pc	28/82	22/71	pc
Yerevan	31/88	23/73	c	31/88	20/68	c

Africa

Algiers	25/84	18/64	pc	27/80	15/59	s
Cape Town	16/61	7/44	c	14/57	4/39	pc
Casablanca	19/66	13/55	pc	21/70	18/64	s
Harare	24/75	12/53	s	26/79	13/55	s
Lagos	29/84	23/73	pc	27/80	23/73	r
Nairobi	25/77	14/57	t	24/75	14/57	r
Tunis	41/106	24/75	s	35/95	18/68	pc

North America

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Anchorage	19/66	11/52	sh	20/68	14/57	pc
Atlanta	30/86	22/71	sh	32/89	20/68	sh
Boston	23/73	16/61	s	20/68	14/57	sh
Chicago	26/79	17/62	pc	27/80	18/64	pc
Dallas	37/99	24/75	pc	35/95	23/73	pc
Denver	32/91	17/62	t	32/89	15/59	pc
Detroit	26/79	17/62	c	27/80	18/64	sh
Honolulu	31/88	24/75	r	31/88	23/73	pc
Houston	35/95	25/77	pc	34/93	23/73	pc
Los Angeles	29/84	16/61	s	31/88	17/62	pc
Miami	32/89	26/79	t	33/91	26/79	pc
Minneapolis	23/73	15/59	pc	26/79	16/61	pc
Montreal	24/75	13/55	s	26/79	17/62	pc
Nassau	33/91	24/75	t	33/91	25/77	pc
New York	27/80	19/66	pc	28/82	19/66	pc
Orlando	33/91	24/75	t	33/91	23/73	pc
Phoenix	43/91	27/80	t	41/105	28/82	t
San Fran	22/71	14/57	pc	24/75	14/57	pc
Seattle	25/77	13/55	s	22/71	12/53	pc
Toronto	27/80	15/59	pc	27/80	16/61	sh
Vancouver	21/70	12/53	c	21/70	13/55	pc
Washington	31/88	21/70	t	32/89	21/70	sh

Latin America

Buenos Aires	19/66	11/52	pc	17/62	10/50	pc
Caracas	31/88	23/73	pc	31/88	24/75	pc
Lima	22/71	17/62	s	21/70	17/62	s
Mexico City	26/79	12/53	pc	23/73	13/55	s
Rio de Janeiro	29/71	16/61	pc	21/70	16/61	pc
Santiago	21/70	8/43	pc	19/66	7/44	s

Oceania

Auckland	12/53	7/44	r	13/55	4/39	pc
Sydney	17/62	9/48	pc	17/62	9/48	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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Republicans Aided by Taiwan?

Foreign Group's Gift to Conservative Think Tank Is Linked to Taipei

By Guy Gugliotta
Washington Post Service

WASHINGTON — The government of Taiwan served as the intermediary for a $25,000 contribution from a foreign foundation to a think tank run by the Republican Party, according to documents examined by The Washington Post.

Haley Barbour, writing in his capacity as board chairman of the National Policy Forum, sent a letter to Taiwan's chief representative in Washington, thanking him for the 1996 contribution from the Pacific Cultural Foundation.

Receipt of the contribution has been acknowledged by Mr. Barbour's office, but documents show the transaction was handled by the Taipei Economic and Cultural Representative Office, the Taiwan government's official presence in the United States.

Mr. Barbour's office said the former chairman was unsure how the contribution came about. Mr. Barbour, who served as chairman of both the Republican National Committee and the National Policy Forum during the 1996 campaign, will appear this week before the Senate Governmental Affairs Committee, which is investigating campaign fund-raising practices.

[Prosecutors have told the Senate panel that three of four Buddhist nuns to whom Republican investigators want to grant limited immunity may have been more than just pawns in a scheme to launder illegal foreign Democratic Party donations, committee sources say, The Associated Press reported.

[The committee met in closed session Tuesday to consider giving partial immunity to all four nuns to clear the way for them to testify about a fund-raiser at a California Buddhist temple attended by Vice President Al Gore.]

Democrats have contended that the Republican National Committee used the National Policy Forum to cover up illegal foreign contributions to the Republican Party. Republicans say that as an educational, nonprofit organization, the forum did nothing wrong in obtaining foreign contributions.

The Pacific Cultural Foundation is a private, nonprofit organization known for cultural exchange programs and for sponsoring trips to Taiwan for members of Congress. The source of the organization's funds is not known, but some news reports have described it as having close links to the Taiwanese government.

POLITICAL NOTES

2 Top Aides Criticize Drug Policy

WASHINGTON — Attorney General Janet Reno and the White House drug-policy director have recommended to President Bill Clinton that the possession of crack and powdered cocaine be treated with less disparity in mandatory federal sentences.

But they have stopped well short of urging that this disparity, which treats possession of small amounts of crack far more harshly, be eliminated altogether, although the White House drug official, the retired General Barry McCaffrey, said Monday that he personally favored doing so.

With their recommendation, whose adoption would require congressional approval, Ms. Reno and General McCaffrey have stepped into one of the most contentious and protracted debates in the long war against drugs: whether there is justification for harsher penalties for crack than for powdered cocaine, a policy that in practice has tended to treat blacks more severely than whites.

The two officials said federal judges should be required to impose a minimum prison term of five years on defendants convicted of possessing 25 grams of crack or 250 grams of powder cocaine. At present, that mandatory minimum sentence applies to thresholds of 5 grams of crack and 500 grams of powder. The proposal, then, would narrow the gap from the current 100 to 1 down to 10 to 1. *(NYT)*

'Legend' to Head CIA Operations

WASHINGTON — Saying that the mission of the CIA is "to pursue the hardest targets that threaten American interests around the world," the newly installed director of central intelligence, George Tenet, has said he will bring a legendary espionage operative back to the agency to run the troubled Directorate of Operations.

A former chief of station in Moscow and Beijing who speaks Russian and Chinese fluently, Jack Downing is "legendary in the operations directorate in terms of his stature and what he expects of people," Mr. Tenet said.

A former Marine who served in Vietnam, Mr. Downing worked for 28 years in the operations directorate, but Mr. Tenet's predecessor, John Deutch, passed him over for a higher position and he retired.

"At the end of the day, this is an espionage organization," Mr. Tenet said Monday. "It must generate information that is unique and makes a contribution against each of those targets. Otherwise I don't know why we are here." *(WP)*

Jail Too Tough on McDougal?

LOS ANGELES — The American Civil Liberties Union has charged that federal authorities are unlawfully holding Susan McDougal in a Los Angeles County jail in hopes that "barbaric" conditions there will coerce her to testify in the Whitewater investigation.

Mrs. McDougal, who was a partner with Bill and Hillary Clinton in the Whitewater real estate venture in Arkansas, was convicted last year and sentenced to 24 months in federal prison on federal charges in the Whitewater investigation. She is being detained at the request of the Whitewater independent counsel, Kenneth Starr, on a contempt of court citation for refusing to testify before a Whitewater grand jury.

Citing federal appellate court rulings that incarceration of a person for civil contempt is supposed to be "remedial" in nature and not punitive, the union petition, filed in U.S. District Court by the group's Southern California branch, said Mrs. McDougal's confinement here violates her constitutional right to due process. *(WP)*

Quote / Unquote

Newt Gingrich, the House speaker, saying conservatives should not "pick artificial fights" with Bill Clinton while the president is embracing Republican initiatives like cutting taxes, balancing the budget and restricting welfare: "If he wants to take our plays, hand them to him. Don't make it hard for him. If he wants to join our huddle, welcome him in." *(NYT)*

Report Faults Pentagon on Risks to U.S. Troops Abroad

The Associated Press

WASHINGTON — Although American troops abroad are safer than they were before terrorist attacks in 1995 and 1996 killed a total of 24 servicemen in Saudi Arabia, congressional investigators have concluded that they are still vulnerable because the Department of Defense has not set mandatory security standards.

"The fundamental point remains: DOD-wide standards are needed to assist commanders in protecting their forces from terrorist attack," said the report by the General Accounting Office, the investigative arm of Congress.

The question is not whether terrorists will strike again, but when, where and how, military officials told investigators.

"Terrorism is very difficult to combat, but there are many things we can do, and we have done many of them," said Representative Ike Skelton, Democrat of Missouri, who requested the study in October. "I'm convinced that we need to be more consistent."

The report said U.S. officials had made significant progress on troop security in the Middle East, for example by moving thousands of troops to remote desert facilities from populated areas and sending families home from Saudi Arabia, Kuwait and Bahrain. In Turkey, an off-base apartment building for troops was closed because it was considered too vulnerable.

Investigators visited all five main U.S. military commands around the world and traveled to about 30 overseas sites where U.S. forces are deployed.

Among the lapses the report cited were:

- New dormitories in one country are near a heavily traveled public road, presenting the same risks as the bombed Khobar Towers barracks in Saudi Arabia. Officials are considering closing the road or building a tunnel to reroute traffic.
- In another country, a $1.9 million facility was under construction along a city street with no standoff, or buffer space between base facilities and the land off the base. None of the off-base facilities in that country met the advisory guidelines in the Defense Department's anti-terrorism handbook.
- A leased headquarters building under construction in the United States is so unsafe that officials have suggested it be relocated.

Paul Sancya/The Associated Press

BLAST — An explosion in a gas main in Indianapolis set off a fire that killed one person, destroyed six houses and damaged 50 others.

Away From Politics

• Miami Beach police officials are fending off criticism that they may have had evidence of Andrew Cunanan's whereabouts days before the killing of Gianni Versace. A pawnbroker has said that Mr. Cunanan, on the FBI's most wanted list since June 12, pawned a gold coin on July 7, leaving his real name, hotel address and thumbprint on a document mailed to the police within 24 hours, the pawnbroker said. *(NYT)*

• Canadian fishermen ended a three-day blockade of an Alaskan ferry in Prince Rupert, British Columbia, after Ottawa assured them it would try to resolve a dispute over the alleged overfishing of salmon in Alaskan waters. About 400 fishing boats had blocked the ferry Malaspina since Saturday. *(Reuters)*

Israel has received approval to market a version of its Uzi semi-automatic rifle in the United States after a 10-year ban. An Israeli official confirmed a report that Israel Military Industries had developed a model of the Uzi that fires only single rounds and cannot be converted to being a fully automatic weapon. The United States banned the import of automatic weapons in 1987 because of their increasing use in crimes. *(Reuters)*

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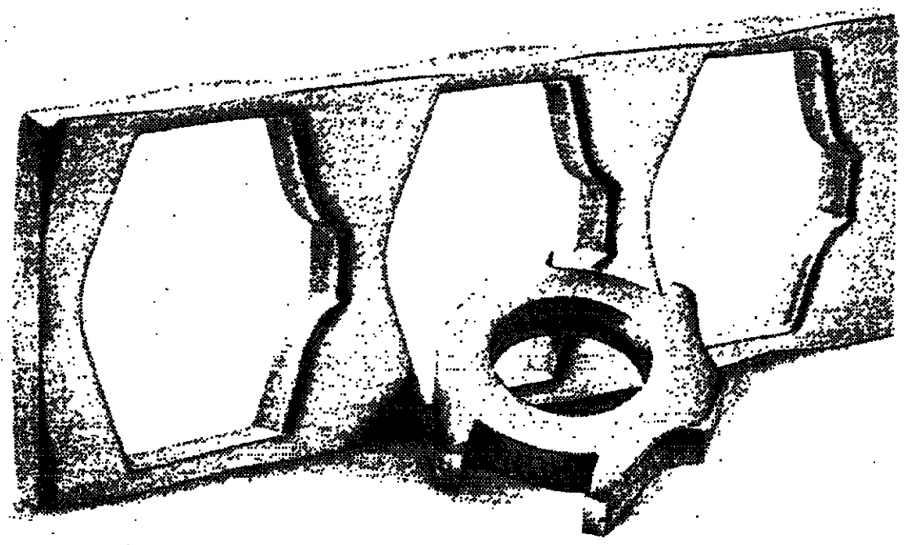

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ASIA/PACIFIC

In a First for China, Hong Kong Lawyers Mount a Challenge to Rule

By Edward A. Gargan
New York Times Service

HONG KONG — Barely three weeks after China resumed sovereignty here, a constitutional challenge to the very foundation of Chinese rule — including the validity of the court system, the system of common law and Beijing's appointed legislature — landed Tuesday in the laps of three senior appeals court judges.

The case, stemming from a criminal trial, is the first legal challenge to the Hong Kong government and pits the territory's chief legal officer against some of the mightiest legal minds from the Bar Council, the professional association of barristers.

Heard in a packed courtroom, the case marked the first time since the founding of the People's Republic in 1949 that lawyers directly discussed fundamental issues affecting both China's constitution and the mini-constitution, the Basic Law drafted for Hong Kong.

"These are fundamental issues," said Nihal Jayawickrama, a professor of law at Hong Kong University who is assisting lawyers preparing the challenge to China's laws.

"The government came fully prepared," the professor said.

For months, there have been rumblings within Hong Kong's legal community that a constitutional challenge to Beijing's plans for the territory, especially the scrapping of the elected legislature and replacing it with an appointed body, would be mounted.

Both legal professions in the British tradition, the barristers who argue cases and the solicitors who advise clients, strenuously opposed the appointed body of lawmakers, the so-called Provisional Legislative Council, maintaining it is not consonant with the Basic Law.

Neither Britain nor the United States recognize the legitimacy of the Provisional Legislature, contending that the body is not provided for in law and that it illegally supplanted an elected legislature.

Beijing dismissed the elected legislature because it disapproved of the electoral arrangements devised by the last colonial governor, Chris Patten as well as the triumph of democracy advocates.

The constitutional challenge begun Tuesday was the result of defense arguments made before a lower court in a criminal case involving the theft of a gold Rolex watch at the Macau ferry terminal.

That initial robbery case became more complicated when the police arrested the defense lawyer on charges of obstructing justice. His lawyers, in defending him, argued in lower courts that since July 1, when China assumed sovereignty of Hong Kong, that there has been no valid legal system — that the common law system has ceased to be the law of the land — because of constitutional problems with the Provisional Legislature.

The two defense lawyers leading the case appeared completely out of their depth when Daniel Fung, the solicitor general, Hong Kong's chief legal officer, took command of the government's case.

But, after some early legal skirmishing, several of the territory's leading lawyers suddenly entered the case.

"The bugles were blown," said Kevin Egan, one of the original defense lawyers, who is accustomed more to the rough-and-tumble of criminal proceedings than to the more cerebral realms of constitutional argument. "The cavalry is coming."

The legal contest in Courtroom One of the Appeals Court, the second-highest court in Hong Kong, was a spectacle of contrasts and ironies, a theater of colonial traditions and behavior under a seal of Chinese suzerainty.

"Your lordship" was the conventional term of address to the three judges, and fellow lawyers were invariably called "my learned friend."

Oratory, conducted in the best Oxbridge accents, was peppered with British argot — "a belt and braces position" — and deft forays into Latin — "I proceed *ex abundanti cautela*," or "out of an abundance of caution."

The drama bore no relation to legal proceedings in the rest of China, where constitutional arguments are unheard of and the common law does not exist.

Then, in a daylong argument, Mr. Fung, bedecked in the silk robe that was worn by Queen's Counsels under British rule and wearing a horsehair wig, proceeded to lay out the Hong Kong government's case for its constitutional existence.

Marshaling an array of historical evidence and legal precedent, from Captain Charles Elliot's planting of the Union Jack on Hong Kong island in 1841 to rulings by China's rubber-stamp Parliament, Mr. Fung insisted that the common law has endured and that China properly installed a new legislature here.

At one point, Mr. Fung argued that even if the court was to find Beijing's legislature illegal and all the laws it has approved invalid, the court would nonetheless be compelled to confirm the legislature's existence to prevent chaos in Hong Kong under what he called "the doctrine of necessity."

Buttressing his argument, Mr. Fung plucked at cases arising from war, rebellion and civil unrest, from Southern Rhodesia, what is now Zimbabwe, to the U.S. invasion of Grenada in 1983 and the Turkish invasion of Cyprus in 1974, to a case involving the Confederacy in the wake of the U.S. Civil War.

"It is the height of absurdity to cast *doubt* about the legal system or create a state of chaos in the name of the rule of law," argued Mr. Fung in defense of Hong Kong's laws and legal system. "One should not sacrifice peace or a people under the banner of the rule of law."

The lawyers challenging the constitutional questions who joined the case were working late into Tuesday night to build their arguments, which they were to begin to present Wednesday.

No matter what the ruling, the decision almost certainly will be appealed to the Court of Final Appeal, Hong Kong's highest court.

"If we're even remotely right," Mr. Egan said, "a certain amount of chaos flows. It's in the best interests of Hong Kong for this to be argued at the highest level. I've got faith in the judges we've got. It's not a politicized judiciary yet."

ASEAN Delays Ruling on Cambodia

Group Caught in Crossfire Between Ranariddh Backers and Hun Sen

Compiled by Our Staff From Dispatches

KUALA LUMPUR — The Association of South East Asian Nations failed to reach a consensus Tuesday on what approach to take with Cambodia during the group's annual meeting.

Supporters of First Prime Minister Norodom Ranariddh called for ASEAN to bar Foreign Minister Ung Huot from representing Phnom Penh at the meeting Thursday.

Second Prime Minister Hun Sen named Mr. Ung Huot to replace Prince Ranariddh as first prime minister after he had ousted the latter in a coup that began July 5.

"Mr. Ung Huot cannot represent Cambodia at this week's ASEAN meeting in Malaysia because he only represents Second Prime Minister Hun Sen and has no credentials from First Prime Minister and Funcinpec president Norodom Ranariddh, whom he has betrayed by endorsing the illegal and bloody coup d'etat," the newly formed Union of Cambodian Democrats said from Bangkok.

Prince Ranariddh announced the formation of the group Saturday. It consists of his party and three others and seeks a nonviolent, diplomatic solution to the political crisis in Cambodia.

Rodolfo Severino, the Philippine foreign undersecretary, said ASEAN foreign ministers would have to decide Wednesday whether to allow Mr. Ung Huot to attend the annual meeting.

"It was not a disagreement," he said about the decision to refer the matter to the ministerial level. "It was an uncertainty as to how to deal with he situation and we felt that we needed more authoritative officials to deal with that."

In Phnom Penh, the Foreign Ministry said Mr. Ung Huot would travel Wednesday to Kuala Lumpur, where he would meet with the secretary-general of ASEAN, Ajit Singh, and several of the foreign ministers. Mr. Ung Huot was foreign minister before the coup. Cambodia, which has observer status at ASEAN, was to become a full member Wednesday, but its admission was postponed indefinitely after the coup.

The Union of Cambodian Democrats urged ASEAN "not to send any wrong message and provide any encouragement to Mr. Hun Sen by receiving his puppet Ung Huot."

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Burma and Laos will be admitted Wednesday.

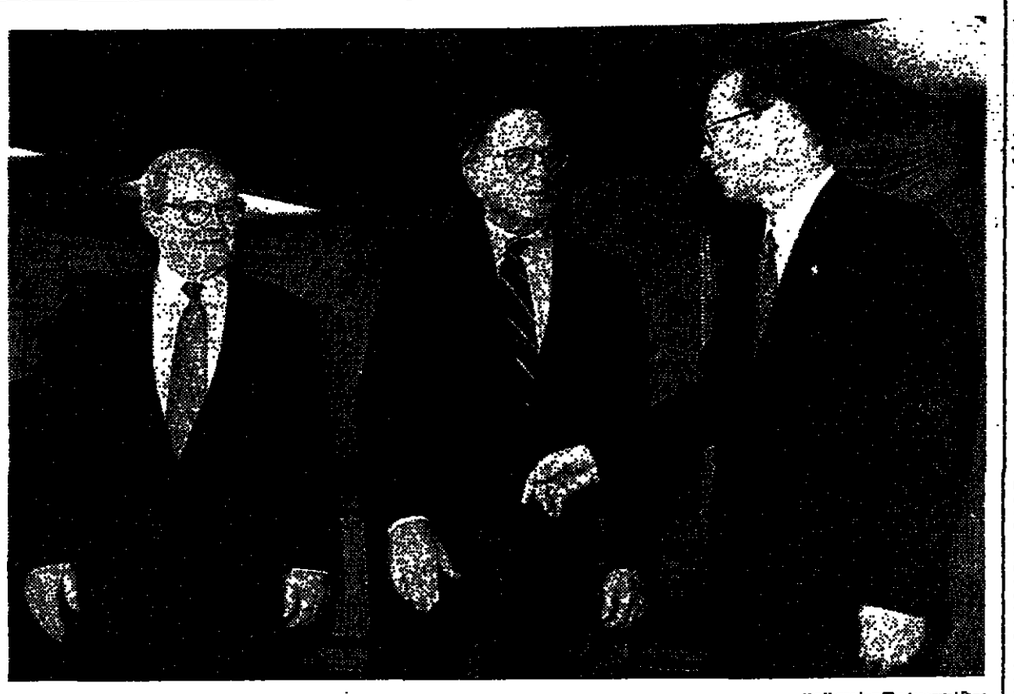
Mr. Hun Sen accused a general in Taiwan and various gangsters of aiding his rivals and said Tuesday that he would temporarily shut Taiwan's trade office and scrap plans for air links with Taipei. The trade office handles relations in the absence of official ties between Taiwan and Cambodia, which recognizes Taiwan's rival, China.

The prime minister did not name the general or the gangsters but said the one-week closure would allow investigators "to find out who is really involved in this incident."

Taipei repeated denials Tuesday that it had provided any help to the losing side in the coup. "To say that our office in Cambodia engages in activities other than trade promotion, much less promotes terror, is false," Foreign Minister John Chang said.

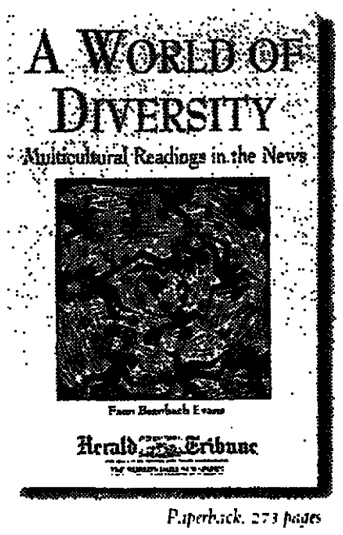
Low-level clashes between Mr. Hun Sen's troops and forces loyal to Prince Ranariddh continued in the far north, but the prince's soldiers are rapidly running out of ammunition.

Muonavong Sritanyarat, a Thai Red Cross official at the border with Cambodia, said that from 5,000 to 30,000 Cambodians had gathered at the border hoping to enter Thailand. They apparently were running out of food, he reported. *(AFP, Reuters, AP)*



Ahn Young Joon/The Associated Press

KOREAN DIPLOMACY — Former U.S. Senator Sam Nunn, center, and James Lanny, a former U.S. envoy to South Korea, left, talking with Foreign Minister Yoo Chong Ha of South Korea of their recent trip to North Korea. They said Pyongyang wanted more food aid but would not change its communist system.



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Ex-Rivals Join Forces in Papua New Guinea

Compiled by Our Staff From Dispatches

PORT MORESBY, Papua New Guinea — The leader of Port Moresby, Bill Skate, was elected prime minister of Papua New Guinea on Tuesday after he dropped promises since June elections not to join forces with parties he had called corrupt.

Mr. Skate, leader of the small People's National Congress and governor of the National Capital District, vowed immediately after the Parliament vote to investigate charges of corruption among his new allies, the two parties that made up the previous government of Sir Julius Chan.

"We will fight corruption, but not destroy our own people," he told lawmakers. "We will ensure that our government will be transparent."

"We will not be vindictive, but we will look at all the issues," he added.

Mr. Skate defeated a former prime minister, Sir Michael Somare, by 71 votes to 35 in the South Pacific country's new 109-seat Parliament. Mr. Skate had promised since the elections in June that he would not ally himself with the former governing coalition, which he accused of corruption and criticized for hiring foreign mercenaries to put down a nine-year-old secessionist rebellion on the island of Bougainville, 800 kilometers (500 miles) north of Port Moresby.

When the hiring of the mercenaries was revealed in March, the army rebelled and there were riots in Port Moresby for several days. The prime minister, Sir Julius Chan, resigned while an inquiry was conducted into the affair but later resumed office, saying he had been cleared of any wrongdoing.

Sir Julius and 15 other ministers in his government lost their seats in Parliament in the June elections.

Asked how he could reverse himself and join with the former coalition, Mr. Skate said: "Papua New Guinea has its own way of playing politics. It is not for foreigners, outsiders, to come here and dictate how we run our politics."

Mr. Skate also pledged to work for peace on Bougainville.

"The people of Bougainville are crying out for peace," he said. "My government will listen to what they want. It is up to Bougainvilleans to find a solution to the problem."

Bougainvillean rebels said that as a sign of goodwill they would release five Papua New Guinea soldiers held hostage since September 1996, according to a rebel statement released Tuesday by the New Zealand Foreign Affairs Ministry.

The statement, which said the hostages would be handed over Wednesday to New Zealand government representatives on board the frigate Canterbury, was signed by the commander of the Bougainville Revolutionary Army, General Sam Kauona; the rebels' chief of operations, Ishmael Toroama, and their southern commander, Peter Naguou. *(AP, Reuters)*

China Weighs Clone Prospect: Giant Pandas

The Associated Press

BEIJING — Giant pandas mate but once a year, producing at most two cubs, only one of which usually survives — reproductive habits that try the patience of zoologists working to save the threatened species.

Frustrated with the failure of other artificial breeding methods, Chinese scientists are considering the possibility of cloning the animal that has become a symbol for endangered species everywhere.

"If we really can succeed in cloning them, then it will really work much better than the current methods in increasing their numbers," Chen Dayuan, a zoologist at the Chinese Academy of Sciences, said in an interview with China's state-run Central Television.

Chen Dayuan did not say that cloning research had begun, just that it might be a promising way to save the giant panda from extinction.

Giant pandas are native only to China, and only about 1,000 survive in the wild. The shrinking of their habitat and poaching have devastated the species, spurring efforts to develop artificial breeding techniques.

The announcement in February that researchers in Scotland had succeeded in cloning an adult sheep drew attention to China's own research.

BRIEFLY

Afghans Flee Fighting For Towns Near Kabul

KABUL — A growing tide of civilians fled Tuesday from towns north of the Afghan capital as fierce battles raged between the fundamentalist Taleban militia and rival forces, with anti-Taleban fighters claiming gains around a district center.

Residents streaming south reported an overnight attack by fighters loyal to a former defense minister, Ahmed Shah Masoud, on the town of Qarabagh, 50 kilometers (30 miles) north of here.

A spokesman for Mr. Masoud said his fighters had broken Taleban defenses and were nearing Qarabagh.

"The Taleban had established a defense line around Qarabagh, which we broke today," the spokesman said via satellite telephone. *(AFP)*

2 Koreas Agree: Gifts Of Food Weren't Sold

SEOUL — The two Koreas finally found something Tuesday they could agree on: North Korea did not sell food donations it received free from abroad for its hungry people.

The rare agreement came as three South Korean Red Cross officials left Seoul for Beijing, where they planned to meet North Koreans to discuss sending more desperately needed food aid.

Japanese news media reported last week that a North Korean ship had docked at a Japanese port and unloaded 1,300 tons of corn believed to have been received as aid.

But both the North Korean press agency and the South Korean Foreign Ministry said their investigations had found the shipment to be a commercial deal between a Chinese exporter and a Japanese company. *(AP)*

UN Assails Expulsions

GENEVA — The United Nations refugee agency said Tuesday that it had protested to Bangladesh over what it termed a "disgraceful" forcible expulsion of mostly Muslim refugees back to military-ruled Burma.

A spokeswoman, Pam O'Toole, said that nearly 400 people, including women, children and sick "were rounded up indiscriminately," taken to the frontier and made to cross.

"This kind of conduct is a disgrace," she said at a news briefing. *(Reuters)*

VOICES From Asia

Szeto Wah, chairman of the Hong Kong Alliance in Support of Patriotic Democratic Movements of China, calling on Tung Chee-hwa, chief of the new Special Administrative Region, to relay an appeal to Beijing to release a leading Chinese dissident, Wang Dan, whose relatives say he is ill: "He must do this if he is to meet his responsibilities and serve as the representative of the SAR government." *(AFP)*

Kung Fan-ting, a Defense Ministry spokesman in Taiwan, playing down any threat by Chinese naval maneuvers in the East China Sea: "The Defense Ministry closely monitors all of the Communist forces' exercises and training activities. Our compatriots can set their hearts at ease." *(Reuters)*

Tohap Simanungkalit, acting chairman of the Indonesian Labor Welfare Union, on Jakarta's refusal to permit foreign medical care for the independent and unrecognized union's leader: "The refusal of the government to give permission to treat Muchtar Pakpahan overseas is clearly a political decision." *(Reuters)*

هكذا من الاصل

EUROPE

Germans Become Flood Refugees

Compiled by Our Staff From Dispatches

FRANKFURT AN DER ODER, Germany — Chancellor Helmut Kohl assured flood-stricken Eastern Germany Tuesday that it could count on full government support, in a visit that came as authorities ordered the region's first evacuation since the flooding began.

"Now the point is to do everything that we can do to help the people here," Mr. Kohl said in this city of 80,000 people along the border of Poland. He was on his way to visit the nearby town of Eisenhuettenstadt.

Thousands of soldiers, residents and other volunteers added to the 1.5 million sandbags reinforcing a 160-kilometer (100-mile) waterlogged dike, but the water broke through in spots, flooding cellars and low-lying streets.

About 150 people in the village of Aurith — just south of Frankfurt an der Oder and 100 kilometers east of Berlin — were ordered to leave for fear of a major break in the dikes.

The evacuation of hundreds of villagers living close to an increasingly unstable dike on the Oder began shortly after Mr. Kohl's visit.

"It's a terrible catastrophe for the entire region, for Germany and Poland," the chancellor said.

"The situation is critical," he said, "and the people should know that we will do what's necessary."

Water levels rose during the day along the length of the Oder, and officials said further evacuations were likely.

The flooding has killed about 100 people in neighboring Poland and the Czech Republic in the past two weeks.

The death toll in Poland rose to 56 overnight with the discovery of four more bodies. Four people are still missing, and about 140,000 in Poland have been forced from their homes.

With the crisis easing in the Czech Republic, rescue crews drained the eastern region of Moravia so that people could return home. *(Reuters, AP)*

Matthias Rietschel/The Associated Press

Chancellor Helmut Kohl on Tuesday striding over sandbags in Frankfurt an der Oder, along the Polish border.

A Voice for Wales

U.K. Offers Plan for New Assembly

Reuters

LONDON — The government unveiled plans Tuesday for a 60-member Welsh assembly with a £7 billion ($11.7 billion) budget and power over schools, hospitals and other services in a nation of 3 million people.

The assembly, which is to be elected in May 1999 if it gets a positive vote in a referendum to be held Sept. 18, fleshes out Prime Minister Tony Blair's commitment to transfer some powers from London to Britain's regions.

Details of plans for a Scottish Parliament, which unlike the Welsh assembly will have the power to raise or cut taxes, are to be published Thursday.

"We believe it is right to decentralize power, to open up government, to reform Parliament and to increase individual rights," Mr. Blair said in the paper setting out the government's plans for Wales.

Wales will remain firmly a part of Britain, sharing a common legal system with England, and will continue to have 40 seats in the Parliament in London. The new assembly will be located in the capital, Cardiff.

The government said the Welsh secretary, Ron Davies, would not be bound by the assembly's views.

But Mr. Davies, who will continue to sit in Mr. Blair's cabinet, said the plans offered Wales a new beginning alongside other successful regions in Europe to set its own strategic priorities.

"An elected assembly will give Wales a voice — in Britain and Europe — after years of neglect," he said. "It is an opportunity we must have the confidence to grasp.""

Forty members of the assembly will be elected by the plurality system used in Britain's national elections. The other 20 will be chosen under a German-style system of proportional representation.

Opinion polls suggest there is a majority in favor of a Welsh assembly, in contrast to 1979, when a similar proposal by the previous Labour Party government was rejected by a 4-to-1 margin.

BRIEFLY

Cosmonaut's Health Improves

MOSCOW — The Russian commander whose irregular heartbeat added to the crisis of confidence of the Mir crew has recovered and is now in satisfactory health, space officials said Tuesday.

Ground controllers cited crew stress when they announced the postponement of delicate repairs to the orbiting spacecraft's power system until next month, when a fresh pair of Russian cosmonauts is due to arrive on Mir.

The commander, Vasili Tsibliyev, and his fellow cosmonaut, Alexander Lazutkin, began physical training Tuesday to get in shape for their Aug. 14 return to Earth's atmosphere and gravity, the mission control spokeswoman, Vera Medvedkova said.

"It is a very quiet day for the crew," said a spokeswoman for the National Aeronautics and Space Administration, Cathy Watson, adding that the team was engaged in "minor maintenance."

The crew has suffered a series of accidents and malfunctions in recent months, including a collision with a cargo ship. *(AP)*

Belgrade Said to Target Media

BELGRADE — The Serbian authorities have stepped up harassment of independent media in advance of elections in the fall, closing down at least a dozen independent radio and television stations across the country, opposition media said Tuesday.

Over the past week, the police have shut down small stations in the towns of Pancevo, Kraljevo, Krusevac and Trstenik. On Thursday, state inspectors, flanked by policemen, barged into their premises, claiming the stations had no broadcast licenses, they said.

Meanwhile, a Canadian member of the NATO-led peacekeeping force in Bosnia-Herzegovina apparently shot himself to death, the authorities said Tuesday. The bombardier, Robert Daniel Vialette, 33, was found dead and alone in his quarters Monday after fellow soldiers heard a loud noise and went to investigate, a NATO statement said. *(AP)*

German Call for Jailed Iranian

BONN — A group of exiled Iranian writers urged Chancellor Helmut Kohl on Tuesday to intervene in the planned trial of an Iranian newspaper editor who has been charged by Tehran with spying for Germany.

The German-based Iranian Association of Authors sent an open letter to Mr. Kohl asking him to protest the jailing of Faraj Sarkuhi, editor of the monthly Adineh, which means Friday. Mr. Sarkuhi was arrested in April.

The writers said Tehran's decision to put him on trial was a direct reaction to a verdict by a German court in April that ruled that Iran's leadership had ordered the killing of a group of Iranian Kurdish dissidents in Berlin in 1992. Iran says it was not involved. *(Reuters)*

For the Record

The remains of a British pilot, who was shot down over the Netherlands during World War II, were discovered in the wreck of his plane Tuesday by the Dutch Army, a military spokesman said. Around 2,000 Allied and German warplanes are believed to be still underwater or buried in the Netherlands. More than 220 have been recovered by the Dutch Army since 1960. *(AFP)*

Mafia Wife Urges Way to Reform

Agence France-Presse

ROME — The wife of a leading repentant Mafioso has called on other Mafia wives to urge their husbands to reform, with the threat of leaving them if they don't.

"I ask women who still live in Mafia families to have the courage to change and to convince their husband, or their father, to change. And if they stay as they are, it would be better to leave them," Rosalia Basile said in an interview.

She is the wife of Vincenzo Scarantino, jailed for 18 years last year for his role in the July 1992 killing of the anti-Mafia judge Paolo Borsellino, who was blown up in his car in Palermo. Mr. Scarantino has since expressed remorse for his action.

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Herald International Tribune
THE WORLD'S DAILY NEWSPAPER

Romania Investment Summit

Athenée Palace Bucharest Hilton, October 29-30, 1997

Romania is increasingly attracting the attention of the international investment community. To assess future investment potential and to highlight the reforms Romania is putting in place in a bid to position itself as one of the more exciting investment opportunities in the world, the International Herald Tribune will convene a major investment summit in Bucharest on October 29-30, 1997.

President Emil Constantinescu will give the opening keynote address of the Romania Investment Summit. He will also host a special dinner for speakers, delegates and guests on the evening of October 29 at Cotroceni Palace.

The fact that President Constantinescu has agreed to support this summit as an integral part of the Romanian government's efforts to attract foreign investment is a measure of the importance of the summit.

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

INTERNATIONAL

TV Station, Protected by Thousands, Becomes Latest Flashpoint in Peru

By Calvin Sims
New York Times Service

LIMA — When leftist guerrillas bombed Frecuencia Latina TV here five years ago, killing three employees, the owner of the television station, Baruch Ivcher, enclosed the station with a concrete wall 20 feet high and persuaded the government to post soldiers and tanks outside.

The soldiers who once guarded the station, which the guerrillas accused of being pro-government, may soon be told to storm it, as part of what many Peruvians say is a government crackdown on news organizations that broadcast reports critical of President Alberto Fujimori's administration.

But to take control of the station, troops would first have to break through the scores of journalists and thousands of supporters who have held a vigil there, sleeping on mattresses and cots, because of rumors that the military is planning a raid.

"We will defend this station with our very lives if we have to," said Ivan Garcia, news director of the station. "The only way they'll get in here is by using tanks to blast through the door or helicopters to come through the roof."

Inside the station, which was rebuilt in 1992 after the attack, it was business as usual, but with a new sense of mission. Reporters and producers, working double and triple shifts, scurried through the hallways racing to get the latest news of their plight on the air.

"When your job is to report the news, it's a bit uncomfortable when all the sudden you become the news," said Fernando Viana, editor in chief of Frecuencia Latina TV.

Technicians have positioned cameras on the station's roof to monitor any suspicious activities or, in the event of a military raid, to broadcast an incursion live.

The station became the focal point of Peru's worst political crisis in recent years after the government stripped Mr. Ivcher of his citizenship last week, apparently in retaliation for investigative reports that exposed torture and corruption in the military and illegal wiretapping by the national intelligence agency.

Because Peruvian law requires owners of television stations to be Peruvian citizens, Mr. Ivcher could lose his controlling interest in Frecuencia Latina.

But the Fujimori government's decision to revoke Mr. Ivcher's citizenship has been criticized here and abroad. Thousands of Peruvians, wearing blue ribbons to show their solidarity with Mr. Ivcher, have gathered daily outside the television station to express their support for Frecuencia Latina, which in recent years has gained a reputation for exposing corruption.

Carmen de Soto, a nurse, said that when her brother was falsely accused last year of being a terrorist, she called producers at Frecuencia Latina, who intervened on his behalf and convinced the police that he was innocent.

"Fujimori controls everything in this country — the judges, Congress, business — everything except the press," Mrs. de Soto said. "If we allow him to take our right to be informed, what will we have left?"

In a telephone interview from Miami, where he fled last month after receiving death threats, Mr. Ivcher, who was born in Israel and became a Peruvian citizen in 1984, said that if the government succeeded in taking over Frecuencia Latina, no media organization in Peru would be free.

"I am just an easy target that the government is using to send a message to all other television channels and publications in Peru that it will not tolerate free, independent, honest reporting," Mr. Ivcher said. "This demonstrates that there are no rights left in Peru and that the only way Fujimori knows how to run his government is with tanks and soldiers."

The government has said it canceled Mr. Ivcher's citizenship because of omissions in the application forms and lack of proof that he had given up his Israeli nationality. But his naturalization documents were signed and approved in 1984 by Fernando Belaunde Terry, then president of Peru, who said last week that there had been no irregularities in the procedure.

Mr. Ivcher said that by revoking his citizenship, the government was trying to place the station under the control of his partners, Mendel and Samuel Winter, who own a minority stake. The Winter brothers, who did not return phone calls to their offices, are widely considered to be pro-government.

BOEING: *EU Expected to Approve Merger*

Continued from Page 1

the merger.

"Boeing has been flexible and has made every effort to meet" the European Commission's concerns, Mr. Eizenstat said in a telephone interview.

A senior EU official, who spoke on condition of anonymity, said: "It looks good. Boeing has accepted to eliminate the exclusive contracts" that had been a concern of Union officials.

Foreign ministers of the 15 EU nations were optimistic about a resolution after being briefed at their regular monthly meeting here by Karel Van Miert, the EU competition commissioner who is in charge of antitrust matters.

"There remains a very real possibility that it will be possible to reach agreement," said Robin Cook, the British foreign secretary. Mr. Kinkel and Abel Matutes of Spain welcomed a "certain opening" in Boeing's stance. Lamberto Dini of Italy spoke of "a disposition to find an accommodation."

The deal will strengthen Boeing's position as the world's largest maker of commercial aircraft and America's biggest single exporter. At the same time, it will ensure that the U.S. market remains open to competition from Airbus, the consortium comprised of Daimler-Benz Aerospace AG of Germany, Aerospatiale of France, British Aerospace PLC and CASA of Spain.

But it remains to be seen whether the removal of the exclusivity clause from those contracts will provide Airbus with any real opportunity. Airlines have been moving toward what are effectively sole-supplier arrangements to reduce operating costs, and the three U.S. carriers — American, Continental and Delta — will still benefit from low prices by virtue of placing big, long-term contracts with Boeing, industry analysts said.

"What it means is that Airbus has new opportunities to bid," said Wolfgang Demisch, an analyst at BT Securities in New York. "But the hurdles in terms of price are going to be very, very big."

The Boeing-McDonnell combination will simply step up pressure on the Airbus group to transform its loose partnership into a single company, a move that Chancellor Helmut Kohl urged last week, Mr. Demisch said. So far efforts to do that have been stymied by the dithering of the French government over plans to privatize the country's defense and aerospace companies.

The proposed antitrust settlement would require other concessions from Boeing intended to prevent it from abusing its dominant market position. Sources said the measures were likely to include maintaining Douglas Aircraft as a separate subsidiary to minimize Boeing's advantage in bidding for contracts to replace the aging McDonnell jets in service worldwide; licensing key patents and intellectual property for airliner components to competitors; and providing greater details of government aid to European regulators.

Mr. Van Miert declined to comment before a press conference scheduled for Wednesday, but a spokesman confirmed that Boeing had made "substantial" concessions that took care of Mr. van Miert's main concerns.

Michel Lipchitz/The Associated Press

Mr. Strauss-Kahn presenting a government audit of public finances Monday, at which he announced new taxes.

FRANCE: *Minister Balances Socialism and Market Economics*

Continued from Page 1

icit-cutting measures unveiled Monday, including 22 billion francs ($3.63 billion) of higher taxes and 10 billion francs of spending cuts, would not "do anything directly" for unemployment but said that "we have to reduce the deficit, which has indirectly a positive effect."

The French labor market's main problem, Mr. Strauss-Kahn said, "is that we have to make people more employable, which means not only more skills but more geographic mobility."

Addressing the politically delicate issue of welfare reform, Mr. Strauss-Kahn said the main responsibility would lie with Martine Aubry, the employment and social affairs minister, who would spearhead a conference this autumn bringing together trade unions, business and the government. But he was blunt in his own assessment: "The reality is that French people are really attached to the welfare system. We have to correct some parts of it, perhaps in pensions and health. We certainly have to reform it, and this is obviously an issue for discussion in the autumn, with consequences for the budgets in 1998 and 1999."

Mr. Strauss-Kahn also said that in preparing next year's budget he would avoid an increase in the country's overall tax burden, except perhaps in the wealth tax. He said he would insert incentives aimed at spurring investment in information technology and in nurturing the growth of a venture-capital culture in France.

For Mr. Strauss-Kahn, 48, a Socialist who is at ease in the boardrooms and executive suites of France, life these days is something of a high-wire act. His challenge is to engineer enough fiscal discipline to keep France on track for Europe's single currency while adhering to the principles of leftist ideology.

To achieve these contrasting goals he must be a skilled politician at home and abroad. He appeared to offer an example Tuesday when he said he would ask for "no new money" in seeking a coordinated European policy on unemployment, an issue to be discussed at a November Europewide jobs summit that is mainly a French initiative.

"What I am hoping for is not new money but a reallocation of European Commission funds," he said, "but I have no hope for this at the November summit. "I do hope that we can agree on that by next year, when there will be another jobs summit in Birmingham."

Mr. Strauss-Kahn also indicated he was aware of the need to bridge the gap between the hard-line German view of monetary union, almost a religious fervor about bringing deficits down to 3 percent of gross domestic product, and his own admission, repeated in the interview Tuesday, that the 1997 French deficit might come out at 3.2 or 3.3 percent.

He got some help Tuesday from Luxembourg's premier, Jean-Claude Juncker, whose country holds the rotating presidency of the European Union and who emerged from a meeting with Prime Minister Jospin here and said there was room for a "political" interpretation of single-currency conditions. "The 3.0 percent deficit target is not an absolute condition," Mr. Juncker said.

In Frankfurt, meanwhile, Germany's finance minister, Theo Waigel, said that in some extreme cases, countries with a deficit exceeding the 3 percent level might qualify for monetary union. "Only in extreme cases can the deficit of 3 percent of GDP be exceeded," Mr. Waigel said in prepared remarks.

Mr. Strauss-Kahn also sought to offer reassurances to French industry, which was in a plaintive mood Tuesday, with Jean Gandois, the president of the CNPF employers' federation, calling for fewer tax increases and more spending cuts in the 1998 budget. Mr. Strauss-Kahn stressed the temporary nature of the newly announced increase in corporate taxes from 36.6 percent to nearly 42 percent, saying the government would "keep its word" on this matter. He also said the increase of capital-gains taxes for companies — from 19 percent to nearly 42 percent — would not apply to companies engaged in restructuring.

DRUGS: *U.S. Suspects Hun Sen's Allies*

Continued from Page 1

said Phnom Penh "must take decisive action to halt the flow of narcotics through its borders and prosecute all government officials involved in narcotics trafficking."

So far, however, the traffickers and corrupt officials have operated in Cambodia with near impunity. Of particular concern to the United States lately have been the activities of Theng Bunma, Cambodia's most powerful tycoon and president of its Chamber of Commerce.

His Cambodian investments, which include a bank, hotel and import-export business, are estimated to be worth more than $400 million. He also owns a major holding company in neighboring Thailand, the Thai Boon Rong Group.

Mr. Bunma has showered Cambodia's leaders with cash and gifts, including black Mercedes limousines, an airplane and helicopters used by Mr. Hun Sen and other top officials. And, according to a confidential U.S. government document, Washington believes Mr. Bunma is also involved in drug trafficking and has banned him from entering the United States.

Mr. Bunma denies any such involvement. In a recent interview with Fortune magazine, he challenged accusers to produce evidence and arrest him.

Mr. Mong Rethy also denies being a drug trafficker. "Many people have tried to harm me in this way before," he said. "They have alleged I and Theng Bunma have provided Hun Sen funds to construct schools, temples, roads and bridges through smuggling of drugs. This is untrue."

In an interview with The Washington Post, Prince Ranariddh said Hun Sen gets "millions of dollars" from Mr. Bunma and Mr. Mong Rethy. "They are drug traffickers," he asserted. "The Americans know well. Now the administration doesn't seem to care."

A close ally and financier of Mr. Hun Sen, whom he often accompanies on trips abroad, Mr. Bunma travels on a diplomatic passport and holds the title of economic adviser to Chea Sim, the acting head of state and chairman of the governing Cambodian People's Party.

In 1994, Mr. Bunma provided $3 million in no-interest "loans" to the government to pay for military expenditures, according to Finance Ministry documents. He has financed the repair of Mao Zedong Boulevard, one of the capital's main thoroughfares, and has paid the salaries of much of the Cambodian armed forces since early 1997, diplomats and Cambodian officials say.

A 1995 U.S. State Department report on Cambodia said: "There are indications that some high-level military officials and powerful businessmen who give financial support to politicians are involved in heroin smuggling."

A U.S. official familiar with that report said it referred to Mr. Bunma. "We consider him a major trafficker," said another senior U.S. anti-narcotics official, "We have followed him for a long time."

Var Huoth, Cambodia's ambassador in Washington and an ally of Mr. Hun Sen's, acknowledged rumors about Mr. Bunma's involvement in drug-running, but declined to respond to the allegation. "We are the victim of trafficking from abroad," he said.

In a report to Congress in March, the U.S. State Department praised Cambodia for "significant efforts in 1996 toward addressing its drug trafficking and transit problems." The report certified the Cambodian government as "fully cooperating" on counternarcotics efforts.

But according to Interpol documents, the seizure by foreign law enforcement authorities of drugs originating in Cambodia increased in 1996 by more than 1,000 percent over 1995. Foreign authorities are especially concerned about large shipments of heroin that cross from Laos and Thailand to Cambodia's long seacoast. The traffickers "are using government planes, helicopters, military trucks, navy boats and soldiers to transport heroin," said a U.S. official who tracks the Cambodian drug trade.

"There are definitely more drugs coming through Cambodia this year than before, but what can I do?" said Skadavy M. Ly Roun, the police officer who heads Cambodia's national anti-drug force.

He said serious enforcement was next to impossible because of political infighting, corruption and the involvement of powerful figures.

Mars Probe Reported 'Back on Track' As Contact Is Renewed With Pathfinder

The Associated Press

LOS ANGELES — NASA engineers said Tuesday that they had resolved communications problems that caused them to lose contact with the Mars Pathfinder over the weekend.

Weather data and photos flowed back to Earth on Monday and again today.

"This morning we got data, quite a bit of data," said the mission manager, Richard Cook. "We think we're back on track." The lander and the rover themselves are "extraordinarily healthy," he added.

Mr. Cook said a series of miscues caused the most recent problems, traced to the way ground controllers used the Deep Space Network of antennas in California, Spain and Australia to pick up signals from Pathfinder. The network operators have been told what equipment changes were needed, he said.

Engineers also reported that the Pathfinder computer had confirmed receipt of new software that was radioed up to avert computer resets that plagued the mission on July 10 to 14.

Matthew Golombek, the project scientist, said that despite the glitches the mission has performed superbly heading into its 18th day of operations.

Pathfinder, he said, has "effectively acquired in the first two and a half weeks what we expected to receive in the first month of operations."

NAZI: *Italian Military Court Sends SS Captain Priebke to Prison*

Continued from Page 1

out of a military hospital in a suitcase by his wife.

Mr. Priebke was discovered living a quiet life as an innkeeper in an Andean mountain resort in Argentina, where he had been living under his real name, and even traveling to Europe, including to Italy, with a German passport.

He was found by an American television crew, and after a legal battle against his extradition to Italy, was put on trial in Rome in April 1996.

That trial, which ended just a year ago, found Mr. Priebke guilty of a reduced multiple homicide charge that, under Italian law, had lapsed under the 30-year statute of limitations.

Technically, Mr. Priebke was set free, but the uproar in Italy, and in Germany where he was also wanted on war crimes charges, was so great that the Italian justice system had to scramble for ways to save its face, and keep Mr. Priebke behind bars.

Eventually, after more legal confusion as the case bounced between a civilian and a military court, a new trial against Mr. Priebke — who in March was transferred from a jail in Rome to the monastery where he lives — began in April in the bunker-style courtroom on the outskirts of the city.

Many critics at the end of the last trial charged that it had been mistake to try Mr. Priebke in a military court where the judges could be more sympathetic to a defendant who claimed he was only following orders.

Although that line of defense was said Tuesday to have been one of the mitigating circumstances that led to the reduction of the sentences, the two men were convicted of crimes against humanity, which have no statute of limitations. Several leading Italian lawyers welcomed the verdict as confirmation that the laws against such crimes will never be allowed to expire.

Neither Mr. Hass nor Mr. Priebke were present at the sentencing Tuesday, but the mayor of Rome, Francesco Rutelli, was there. He said, "Today we can be sure that there will be no whitewashing of the atrocities of the Nazis."

■ Sentence Called 'A Joke'

Shimon Samuels, director of International Affairs for the Simon Wiesenthal Center, in Los Angeles, which hunts former Nazis, said the verdict gave him "partial satisfaction" because it showed war criminals could not rest easily, wire agencies reported from Rome.

But he described as "a joke" the length of time Mr. Priebke would actually have to serve once mitigating circumstances and concessions had been taken into account.

"A life sentence would have given a strong symbolic message," said Tullia Zevi, leader of Italy's Jewish community. *(Reuters, AP)*

Erich Priebke, the former Nazi SS captain, at his first trial last year.

BRIEFLY

Surgery Said Due For Saddam's Son

AMMAN, Jordan — Saddam Hussein's eldest son, Udai, is to undergo surgery in Cairo to remove a bullet from his spinal cord, the result of an ambush in Baghdad last year, a Jordanian newspaper reported Tuesday.

In a dispatch from Cairo, the paper, Al Rai, cited unnamed sources as saying that Egyptian authorities had given "the green light to the hospitalization of Udai Saddam Hussein in Cairo on humanitarian grounds."

Udai Hussein, 33, was discharged from a Baghdad hospital on June 9, six months after gunmen sprayed his car with bullets. Iraqi officials said he had made a full recovery. *(AFP)*

UN Will Expand Inquiry in Congo

UNITED NATIONS, New York — Secretary-General Kofi Annan has agreed to broaden an investigation into alleged massacres in Congo to include periods during the rule of the former dictator, Mobutu Sese Seko.

The United Nations is planning to send a team to Congo, formerly Zaire, to investigate allegations that the forces of Laurent Kabila killed thousands of Rwandan refugees in the eastern part of the country. Mr. Kabila's forces deposed Marshal Mobutu in May.

Mr. Kabila had refused to allow the UN mission unless the investigation looked into alleged killings before his revolution. In a July 15 letter to Mr. Kabila, made public Monday, Mr. Annan said investigation would include alleged violations in the east of the country, beginning in March 1993. *(AP)*

Ex-Contras Disarm

MANAGUA — In a remote mountain region in northern Nicaragua, 387 rebels have surrendered their weapons to President Arnoldo Aleman.

The rebels disarmed Monday in the village of Ayapal, 360 kilometers (225 miles) north of Managua. They were believed to be the last of the former contra rebels to put down their guns for a second time. The contras surrendered in 1990, but by the next year many had rearmed to protest what they said was a failure by the government to help them return to civilian life. Mr. Aleman, who took office in January, promised land and financial help. *(AP)*

Impatience in Haiti

PORT-AU-PRINCE, Haiti — The caretaker prime minister, Rosny Smarth, has threatened to quit working if President Rene Preval does not appoint a successor by early next month, a lawmaker said Monday.

The president of Haiti's Senate, meanwhile, accused Mr. Preval of delay as part of a plan to return his mentor, former President Jean-Bertrand Aristide, to power. *(AP)*

6 Egypt Police Shot

MINYA, Egypt — Six Egyptian policemen were killed in an attack here Tuesday by the fundamentalist Islamic Group, the police said.

Two civilians were seriously injured in the attack, the deadliest against Egyptian police officers in more than two years, they said. The attackers sprayed automatic gunfire at a checkpoint at the entrance to Minya, 250 kilometers (155 miles) south of Cairo, before fleeing in a car.

Security officials also said Tuesday that the police had arrested Mohammed Mahmoud Zahran, a regional leader of the Islamic Group wanted in the killings of 12 Christian farmers in the south. *(AFP, AP)*

Strike at Channel Tunnel To Halt Traffic for 3 Hours

AFX News

PARIS — Eurotunnel SA and its unions said passenger and freight services through the Channel Tunnel would be disrupted from 2 P.M. to 5 PM on Wednesday as a result of a labor action at the Coquelles terminal in France.

Michel Yard, a union spokesman, described the action as a "warning stoppage" and said no trains would leave the platform during the three-hour strike.

هكذا من الاصل

INTERNATIONAL

Vatican Accused of Storing Plundered Nazi Gold

Compiled by Our Staff From Dispatches

LOS ANGELES — The Vatican stored 200 million Swiss francs, mostly in gold coins, for Croatian fascists just after World War II to keep the money out of Allied hands, a declassified U.S. document indicates.

The release of the 1946 document marked the first time in a year-long hunt of U.S. national archives by researchers that the Vatican has been mentioned in connection with gold looted by the Nazis or their allies.

The Vatican denied the accusation Tuesday. "There is no basis in reality to the report," said the Vatican spokesman, Joaquin Navarro-Valls. He said it was based on an anonymous source "whose reliability is more than dubious."

The fascist Ustachi who controlled Croatia as a puppet government for the Nazis during the war exterminated hundreds of thousands of Serbs, Jews and Gypsies, and historians have denounced the Vatican for maintaining ties to the Croatian regime led by Ante Pavelic.

A Croatian cardinal was convicted by the postwar Communist government of abetting war crimes.

The document, disclosed by researchers working on a documentary for the cable network A&E Television, is an internal U.S. Treasury Department memo that had been kept secret for 50 years. It is among 15 million U.S. documents related to the safekeeping of Nazi-plundered gold, mostly by Swiss banks.

"Approximately 200 million Swiss francs was originally held in the Vatican for safekeeping," says the memo, dated Oct. 21, 1946, from a Treasury agent, Emerson Bigelow, to his superior, Harold Glasser, who is identified as director of monetary research.

If the 200 million Swiss francs were still held today, it would be valued at about $170 million and would be worth hundreds of millions more in accumulated interest.

The document surfaced after the A&E producers, Stephen Crisman and Gaylen Ross, finished a two-hour documentary on Switzerland's handling of Nazi gold, which is to be shown on the cable channel Saturday.

The program details shipments of gold ingots by the fascist Romanian government to Swiss banks to keep them from the Allies and the dealings of the secretive Bank of International Settlement, which was run by an American, Thomas McKittrick. Mr. Ross, the producer, said the bank laundered gold for the Nazis in Switzerland.

He provided a copy of the memo on the Vatican to The Associated Press, and other researchers vouched for its authenticity. It was declassified on Dec. 31, 1996, according to a stamp on the memo.

Other documents establish that Mr. Bigelow received reliable information from the American Overseas Special Services, precursor of the CIA, on Nazi wealth held in specific Swiss bank accounts.

The memo quotes a "reliable source in Italy," apparently an American intelligence source, as saying the Ustasha organization removed 350 million Swiss francs from funds it had confiscated in Croatia, then part of Yugoslavia.

The memo says that 150 million Swiss francs were impounded by the British at the Austrian-Swiss border and that the balance was held in the Vatican.

While stating that as a fact, the document cites rumors that a considerable portion of the money held by the Vatican was sent to Spain and Argentina through a Vatican "pipeline."

But it adds that the rumors might be a "smokescreen to cover the fact that the treasure remains in its original repository" at the Vatican.

A number of Ustachi, including Ante Pavelic, fled to Spain or Argentina after the Nazi defeat. *(Reuters, AP)*

Ads for Holocaust Victims

Compiled by Our Staff From Dispatches

NEW YORK — A list of owners of dormant Swiss bank accounts dating from World War II is to be published Wednesday in newspaper ads around the world, a spokesman for the Swiss Bankers' Association said Tuesday.

"These will be names of account holders as well as others who might be affiliated with a particular account, such as a joint name or a power of attorney," Michael Freitag, the association's spokesman in New York, said.

Greville Janner of the Holocaust Educational Trust welcomed the decision but said it was late in coming.

"If banks had ever seriously looked for owners, then they would have saved years of suffering for thousands of people," he said.

The ads are being published in several major newspapers from South Africa to North America.

Money that is still unclaimed a year after the ads have run will be given to charity. *(AP, Reuters)*

Alastair Grant/The Associated Press

SANITATION GAP — UNICEF's executive director, Carol Bellamy, commenting Tuesday in London on the agency's annual report on child health and other issues. It said half the world's population does not have access to a toilet or decent latrine.

U.S. Report Details Persecution of Christian Groups in Russia and China

By Steven Erlanger
New York Times Service

WASHINGTON — In its first comprehensive review of persecution of Christian groups around the world, the U.S. government sharply criticizes China for suppressing religious worship and urges President Boris Yeltsin of Russia to veto legislation restricting religious freedom there.

The State Department report issued Tuesday was prepared at the behest of Congress, which last year demanded "a detailed summary of United States policies designed to reduce and eliminate today's mounting persecution of Christians throughout the world."

The report, which covers 78 countries, concentrates on difficulties faced by Christians but broadens its mandate to discuss, at least briefly, the persecution faced by other groups, such as Tibetans in China and animists in Sudan, who, like Christians there, have been forced to convert to Islam.

Congressional Republicans have been using the issue of persecuted Christians as a way to criticize the Clinton administration's policies toward China and Russia, most recently in the debate over renewing China's trade status.

Unlike the yearly human-rights reports, which also look at religious persecution, this report tries to describe actions taken by the United States to promote religious freedom and to "eliminate religious discrimination, intolerance and persecution throughout the world, with a particular focus on the situation for Christians, as requested by Congress."

Secretary of State Madeleine Albright has also instructed American embassies to give more attention to questions of religious freedom in their reports and to stay more closely in touch with leading religious figures, both those at risk and others, around the world.

A senior administration official, who spoke on condition of anonymity, expressed discomfort at the mandated focus on Christians alone, as did some of the 20 members of the Advisory Committee on Religious Freedom Abroad, which Secretary of State Warren Christopher established in November 1996.

The committee, which includes members of most major faiths, was established as a response to growing criticism by Christian groups, most of them politically conservative, and similarly minded representatives in Congress.

"The great lesson absorbed by the tyrants of the world from the collapse of the Soviet empire is that it was the churches that contributed to the democratization and collapse of the empire," said Nina Shea of the human-rights group Freedom House. "So you see a pattern of persecution in places like China and Saudi Arabia."

Representative Sam Brownback, Republican of Kansas, wants to make this new report an annual event, and Senator Arlen Specter, Republican of Pennsylvania, and Representative Frank Wolf, Republican of Virginia, have sponsored a bill that would create an office of religious persecution monitoring in the White House, with its director to be confirmed by the Senate and possessing the power to impose sanctions.

While the bill is considered unlikely to pass, it reflects the concern about religious persecution in a post-Soviet world that the administration is moving to embrace.

In China, the report says, constitutional promises of religious freedom are regularly violated. "The government of China has sought to restrict all actual religious practice to government-authorized religious organizations and registered places of worship," it says.

While enforcement is uneven, and religious groups have grown rapidly, China has cracked down this year on unregistered Catholic and Protestant movements. It has raided and closed several hundred groups that worship in members' homes, detaining group leaders for long interrogation and beating some of them.

Four underground Roman Catholic bishops have been imprisoned or detained, and many Catholic priests have been searched and religious articles seized. The official Catholic Church registered with the Chinese government does not recognize the authority of the Pope, so Vatican-affiliated Catholics are considered unregistered.

In response, the American government says it has raised religious freedom issues at every opportunity in bilateral meetings at every level, sometimes raising specific cases of incarcerated Christians.

The president, vice president and secretary of state have met the Dalai Lama, the exiled Tibetan spiritual leader.

In Iran, the report says, official oppression of evangelical Christians increased in 1996, while four Baha'is remain in prison under death sentences, convicted of apostasy. In Israel, Jehovah's Witnesses have been harassed and attacked, and they and the Unification Church are banned in Singapore.

In Saudi Arabia, freedom of religion does not exist, and the government prohibits the public and private practice of all non-Muslim religions. In Russia, the administration is concerned over new legislation restricting religious freedom there for the first time since the fall of the Soviet Union. The legislation, passed by huge majorities in the legislature and awaiting Mr. Yeltsin's signature, would restrict religions not registered 15 years ago, in the Soviet era, when the official ideology was atheist and religious activists and dissidents were persecuted.

Under the legislation, full rights would go to Islam, Judaism, Buddhism and Russian Orthodoxy, which is the state religion, while Baptist groups that worked with a state-sponsored organization would be acceptable.

But independent Baptist groups, for instance, along with groups like the Mormons and Pentecostals, would not be, because they were not registered; they would not be able to own property, publish literature or hold public worship.

President Bill Clinton, officials say, has raised concerns about the law in many recent conversations with Mr. Yeltsin, who says that there may be constitutional problems with it.

■ Russia Defends Religion Bill

A Justice Ministry official said the bill limiting the rights of minority religions in Russia did not infringe on the rights of foreigners, Agence France-Presse reported from Moscow.

Gennadi Monokhov, head of the ministry's department for public and religious organizations, told the Interfax news agency on Monday that the bill "does not envisage any limitations on the religious activity of foreign citizens who observe Russian law."

But, he said, "The state has the right to know who is doing what on its territory and whether laws and human rights are being observed."

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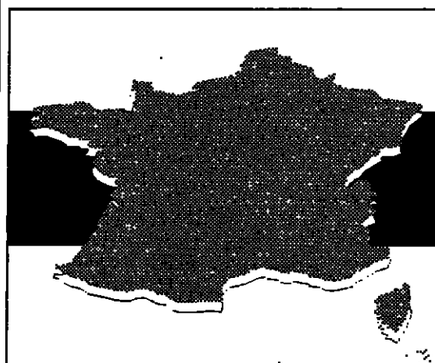

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Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Pointless Budget Deal

The current budget negotiations between Bill Clinton and Congress are often portrayed as an epic struggle over how to cut taxes, trim spending, invest in education and balance the budget for the first time in a quarter-century. But a less flattering version would note that the roaring economy is already driving the deficit close to zero, making a final deal superfluous if not harmful. Indeed, the deficit could be eliminated quicker if the budget deal collapsed.

Some of the budget deal's potential provisions smell rancid. An unfair allocation of very steep Medicare cuts could damage urban hospitals that train doctors and care for the poor. Various proposals would create tax dodges for wealthy investors, eviscerate tax collections a decade from now, encourage colleges to raise tuition, and starve nearly every discretionary spending program. No one need mourn if the members of Congress who harbor misgivings, from Senator Phil Gramm of Texas on the right to Senator Paul Wellstone of Minnesota on the left, or a president pushed to his limit by excessive tax cutting for wealthy families, decide to scuttle the deal.

With tax revenue soaring, this year's deficit may fall below $45 billion, a pittance in a $7 trillion economy. Although the budget deal would eventually trim the deficit, it would actually slow deficit reduction next year because its tax cuts and spending increases kick in immediately, while spending cuts are postponed.

According to the Committee for a Responsible Federal Budget, a corporate-financed nonpartisan group, the budget would be balanced by 2001 if Congress merely locked current policies in place. Under the budget deal, it would take one year more to achieve balance. Either way, the deficit will eventually rise again, to large numbers, early next century.

It may be asking too much for Congress, or the president, to admit publicly that the budget plan has gone off track. But the booming economy ought to change the dynamics of the negotiations, by making a final deal less important. Fratricide among Republicans after the failed coup against House Speaker Newt Gingrich could further alter the dynamics. President Clinton negotiates with a weaker speaker, but one who can no longer afford to jeopardize his tenuous hold on conservative allies.

Mr. Clinton has vowed to reject many of the Republicans' tax proposals that either open huge holes in the budget or favor the wealthiest families. If he recognizes that the budget deal is at best of marginal value, he might stiffen his resolve to beat back the worst excesses of the Republican plans. If the Republicans then threaten to back out of the budget deal, so much the better.

—THE NEW YORK TIMES

Northern Irish Bog

The IRA, the Catholic terrorist group in Northern Ireland, called an "unequivocal" cease-fire over the weekend. This opens the way to participation of its political arm, Sinn Fein, in negotiations conducted by the British and Irish governments. Chairman of these intended but not yet "all-party" talks is the former U.S. judge and senator George Mitchell. He has enunciated six principles of democracy and nonviolence that in coming weeks the IRA must meet. As desperate for respite as most Irish appear to be, it is best to check easy optimism. The political road is long and does not necessarily lead to permanent peace.

The immediate problem lies with the IRA, whose goal is to rejoin British Northern Ireland to independent Ireland proper. The IRA broke its first cease-fire in displeasure at British insistence on its prompt disarming. Britain then, for various reasons, changed governments, electing one prepared to accept "decommissioning" parallel with negotiations rather than prior — a significant and so far unrequited concession by Labour Prime Minister Tony Blair. What now will keep the IRA from resuming its savagery over a further frustration?

The answer lies in the continuing tension between the Irish people's military and political selves. In this internal struggle for power, the killers have so far prevailed.

The other major problem lies with the Protestant Northern Irish majority demanding continued union with Britain — a majority with its own terrorist cells. A pervasive fear of British abandonment defies London's constant reassurances of fidelity to the majority will and accounts for the hard Protestant line on the disarming of the IRA. If this particular issue is somehow eased, as it must be quickly for anything else good to happen, then others will pop up.

The word "peace" embodies popular aspirations, but "prolonged truce" better describes the unavoidably incremental route that any successful negotiation must take. Northern Ireland's Catholics aspire to Irish sovereignty in the North, its Protestants to British sovereignty. But there can be only one flag per pole. That irreducible fact dooms any early reach to settle the sovereignty question and leaves as the central agenda item the elaboration of interim terms that neither guarantee nor preclude each side's ultimate ambition. Extra home-rule powers and a new limited say for Dublin are commonly mentioned.

But this is to leap ahead. The cease-fire must be affirmed, consolidated, extended, built on. That is the first task.

—THE WASHINGTON POST.

Protecting Dolphins

At issue in the U.S. Senate next week is protection of dolphins in the Eastern Pacific Tropical Ocean. Scientists do not understand why, but these mammals like to swim above schools of yellowfin tuna, the kind that end up in your sandwich. For years, fishermen caught tuna by targeting dolphins; more than a half-million dolphins per year once died in circle nets. Videotapes of their suffering led to a consumer outcry, which led to congressional action: a ban on tuna from countries that allow boats to use such methods, and a "dolphin-safe" label for tuna caught by other means.

Now the countries that fish in the Eastern Pacific have agreed to protect dolphins, not by abandoning circle nets but by freeing dolphins before hauling tuna on board. Under a U.S.-negotiated pact, they allow international observers aboard, and these observers certify that the number of dolphin deaths has plummeted to perhaps 4,000 per year. (More than 9.5 million dolphins swim these seas.) The nations also agreed to reduce the by-catch of other species, such as sea turtles, whose deaths may not elicit as much sympathy among U.S. consumers but which also are important to the marine ecosystem.

So far, these nations are following the guidelines voluntarily, although they still have no access to the U.S. market. Now the Clinton administration wants Congress to endorse the pact, allow these countries to resume selling tuna in America and grant them the "dolphin-safe" label — as long as observers certify no dolphin deaths. The House has endorsed this approach.

Opponents of the bill in the Senate say they might lift the embargo, but they don't want to extend the dolphin-safe label to tuna caught in circle nets. They question observers' ability to be certain that no dolphins have died. And they argue that even if there is no dolphin mortality, the stress of the hunt and encirclement causes harm.

The measure has split the environmental community. Organizations such as Greenpeace and the World Wildlife Fund endorse the administration bill. They point out that denying the dolphin-free label to the new, careful style of circle-net fishing will encourage other methods of fishing that may lead to even greater by-catch of turtles, sharks, young tuna and other important species. They also warn that, without access to the U.S. market and the dolphin-safe label, voluntary compliance will fall off, and the great progress of the past few years will be lost.

The administration bill calls for a study of the dolphin population — currently depleted but not endangered. If the "stress" of circle-net fishing really affects the species's health, the pact could be revised in a few years. But in the meantime the United States is not the only market for tuna. Americans' best chance to protect dolphins is an international approach.

—THE WASHINGTON POST

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S.A.S. au capital de 1,200,000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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Pacific Asians Really Aren't Working Together

By Gerald Segal

HONG KONG — A meeting of officials from the Association of South East Asian Nations and their counterparts from other parts of Asia, North America, Europe and Australasia, in the ASEAN Regional Forum on security this coming Saturday and Sunday in Kuala Lumpur, will stimulate self-congratulation about growing regional coherence in Pacific Asia. But the reality is very different.

As the recent political turmoil in Cambodia shows, and the perils of a more assertive China suggest, regional institutions are at best fragile. Of even greater concern to Asians must be the region's repeated failure to tackle economic issues that will define the rules and character of future commerce.

First there is the failure of Asians to cooperate, as they said they would, to defend currencies that come under speculative attack. Devaluations, especially in Thailand and the Philippines, demonstrate that even the Japanese will not bail out fellow Asians.

Second, the pace of global trade liberalization continues to be set primarily by the United States and the European Union. Negotiations on financial services and information technology reveal that once an EU-U.S. deal (sometimes also involving Canada and Japan) is made, the global system follows.

Asian voices, apart from Japan's, are little more than background noise when the new rules are framed for a service sector that accounts for more than half of output in advanced economies and will increasingly characterize the economies of Pacific Asia. Asians will have no one but themselves to blame if they find that the international rules were written in the Atlantic world.

Progress in agreeing on global accounting standards illustrates how EU and U.S. authorities set the agenda and regulations that will govern the world's stock markets. The process of Atlantic leadership is also evident in the 12-year gap between the Big Bang deregulation in London's financial center and early steps in a similar direction in Tokyo.

Third, Asians are absent from negotiations on setting rules for the Internet. Some of the key talks take place at the International Telecommunications Union, but it is American and European governments and especially companies that call the shots. Rules about electronic money and commerce, encryption and tax systems are being hammered out between the United States and the European Union.

Asia has a real interest, because projections suggest that its market in Internet commerce will grow quickly in the next five years. Don't be surprised if Asians are soon complaining that the rules of the superhighway were set in the Atlantic world.

The recent corporate agreement on digital video disc technology suggests more of the same. Europe and North America each have one standard, but Pacific Asia ended up with five.

There seem to be two major reasons for the failure of the region to get organized. One is that most states have only recently become industrialized. They are still enamored of state power and state sovereignty. Such Victorian powers are psychologically ill-equipped to accept the argument that sovereignty needs to be surrendered and pooled for a common good.

There are also deep-seated reasons for regional division. China, with more than 60 percent of Pacific Asia's population, is an obvious candidate for regional leadership, but precisely because of its potential power it arouses much fear. Japan, with stock market capitalization larger than the rest of the region combined, is unwilling to lead and distrusted because of its past record of military aggression.

ASEAN desperately wishes to punch above its weight but remains burdened by a diplomacy of the lowest common denominator.

It is hard to see how such deep divisions can be bridged. One important experiment comes from the Asia-Europe summit process in which Europeans, who coordinate their position, are for the first time prompting Asians to caucus without Caucasians. There is also evidence of growing economic interdependence within Pacific Asia.

But if, as expected, the Asians continue to prove incapable of effective regional coordination, they will have to learn to be much more committed architects at the global level.

The writer, a senior fellow at the International Institute for Strategic Studies in London and director of Britain's Pacific Asia Program, contributed this comment to the Herald Tribune.

The Swiss in the 1940s Were No Worse Than the Rest of Us

By Walter J. Rockler

WASHINGTON — The current wave of vilification of Switzerland, most recently abetted by a U.S. government report, is overblown and basically warped. A public image is being created of the Swiss as virtual Nazi collaborators. This is false.

In writing these views, I should note that I was the Nuremberg war crimes trial prosecutor directly responsible for cases against German bankers, and I spent two years at that work. My cases had no Swiss components or angles.

Switzerland has maintained a policy of neutrality and nonalignment in European and world affairs for hundreds of years. That was its official policy also in World War II. I do not know where the sympathies of most Swiss were directed during the war, but the country is the oldest democracy in the world and has a pluralistic population of German, French and Italian background.

Were some Swiss pro-Nazi? Probably. But the United States had its German American Bund, Britain its Cliveden set and Mosleyites, and France the Vichy government.

During World War II, Switzerland had a population of about 4 million and industries in flatlands adjacent to Germany. For most of the war its territory was completely surrounded by Germany, German-occupied territories and German troops. It had a small and presumably efficient army, but one that at best could only have stung, not bitten, the German military.

It has been charged that the Swiss were culpable during the war in that (1) they aided the German war effort, (2) their banks accepted dirty Nazi money and gold, and (3) they did not do much for Jewish refugees. Moreover, after the war Swiss bankers impeded efforts to release bank deposits of Jews who were murdered by the Nazis. Undoubtedly some of those charges are true. But by what standard shall Swiss culpability be judged?

The Swiss did not significantly arm Germany during the war. The Germans did it. German factories produced Messerschmitts and Heinkel bombers; Krupp and Daimler-Benz made tanks and artillery; Farben produced the poison gas for Auschwitz and Treblinka. Through coerced labor, the Germans got their manpower from all of Europe; by conquest, they had the use of almost all of Europe's factories and resources (plus high-quality steel coming from Sweden).

The Swiss did not facilitate German trade for arms abroad. The Nazis obviously got very little in weapons or munitions from Brazil, Argentina, South Africa or anywhere else on the globe outside occupied Europe. Allegations to the contrary are hard to follow.

The charge that Swiss banks accepted money looted by the Nazis is probably true. So did French banks, Italian banks, Swedish banks, and so would any other banks, including American and British banks, were these countries not at war with the Nazis. A substantial aspect of the business of banking for profit is acceptance of deposits without regard to the history of the money being deposited. Swiss bankers are not unusual in this practice.

It is sometimes charged that Swiss banks accepted Nazi gold produced by melting down gold teeth of murdered Jews or from Jewish wedding rings, jewelry and such. In fact, the German Reichsbank collected such gold, and I prosecuted a vice president of the Reichsbank in charge of this grisly operation. Very likely a substantial amount of this gold was melted down and reappeared in gold bars.

However, nothing about the bars would betray their origin, and I do not believe that Swiss bankers can be accused of conspiring with the German SS to get the gold, or that the bankers had much information about the detailed operations of the Nazi concentration camps in Poland.

As for the claims of survivors to deposits of the murdered persons in Swiss banks, the Swiss bankers seem to have behaved badly, but like bankers. They would not part with the money except upon strict proofs. (Details of unclaimed pre-1945 accounts are now to be released.)

For many of these accounts, there were and are no claimants, and that undoubtedly has pleased the bankers. Have they been insensitive and glad to profit? Of course. Why would anyone expect otherwise.

Apart from some clucking of tongues, who worried about the fate of Jews during and immediately after the war? And what country extended itself particularly to provide aid and redress to survivors?

Not long before the war, the Western powers met at Evian, France, to discuss the problem of Jewish refugees. The problem was not solved. The United States, Britain and France announced that they were in no position to accept substantial numbers of Jewish refugees. Switzerland did admit some Jewish refugees before the war (but only; I believe, if they brought in substantial assets).

The Swiss government has now recognized the appropriateness of redress to Jewish survivors. As a moral matter, neither the bankers nor that government ought to benefit financially from the murder of Jewish depositors. The establishment of a fund for Holocaust survivors out of such accounts serves two purposes: It benefits a class of victims, and it deprives some Swiss of unjust enrichment. The Swiss government and the bankers appear to have accepted these principles.

On balance, the Swiss performance during the war was not glorious, but the position of Switzerland was obviously difficult. In no sense were the Swiss criminal. If they did not behave like Danes, who did?

Let us leave history intact without the latest revisionism about the Swiss. The Germans carried out their war and the Holocaust without the collaboration of Switzerland.

The writer was a prosecutor at the Nuremberg War Crimes Tribunals (1947 to 1949) and first director in the Office of Special Investigations, U.S. Department of Justice (1979-1980). He contributed this comment to the Herald Tribune.

For Blacks in America, Slavery Is Recent History

By Brent Staples

NEW YORK — Bill Clinton has earned a boatload of scorn since suggesting that he might apologize for slavery, as some in Congress have suggested. Critics from both left and right argue that such an apology would be trivializing, empty, arrogant and racially divisive.

The dominant view is that there is essentially nothing to discuss, since the American Civil War closed the issue and the slavers and the enslaved are long since dead.

But all the noise suggests that the issue is very much alive. The terms of emancipation are nearly as explosive today as during the 1860s, when they dominated public consciousness and nearly tore the government apart.

The facts of the period have been papered over in myth. These days, every schoolchild thinks that Abraham Lincoln freed the slaves at one fell swoop — and for moral reasons. In fact, the Emancipation Proclamation freed only the slaves in rebellious states. Lincoln himself called it a military tactic, acknowledging that moral issues were in no way involved.

The slavers and the enslaved are certainly gone from the scene. But African-American families that have shown even a casual interest in history can give chapter and verse on relatives who were born in slavery or just afterward, and on the costs they paid.

In the Staples family, for example, mine is the first generation to come of age without a flesh and blood former slave somewhere at the extended family table. That people in their 40s have this experience makes the issue a current one indeed.

My maternal great-grandmother, Luella Holmes Patterson, was born of a former slave and her master — and shipped off the plantation when the wife got wind of her. As a grade-schooler, I visited Luella often in Hollins, Virginia.

A few towns away lay the farm of my paternal great-grandfather, John Wesley Staples, who was conceived in slavery as well; he was born on July 4, 1865, at the dawn of emancipation. He died 10 years before my birth but was remembered to me in stories and pictures. As recently as 10 years ago, he and his wife, Eliza, were the subject of a pamphlet written for a family reunion.

John Wesley met emancipation with his life still in front of him. But among his neighbors and in-laws were ex-slaves who came to freedom landless and old or simply broken by the experience. My uncle Mack, who will be 80 in December, remembers them well.

When I asked him about the apology brewing in Congress, Uncle Mack could barely contain himself: "They can keep the apology. What good is it? They promised us 40 acres and the mule. None of our people ever got that."

"Forty acres and a mule," of course, is a rallying cry from 1865. It originated during Sherman's March to the Sea. Overwhelmed by black families that abandoned the plantations to follow him, Sherman issued Special Field Order 15, declaring the Georgia Sea Islands and a 30-mile (48-kilometer) strip of rice country a black settlement. Each family was to get 40 acres and the loan of an army mule to work it.

Other generals and federal officials followed Sherman's lead, realizing that land was the only hedge against starvation and renewed bondage.

The confiscations were in accordance with federal law. Sustained and accelerated, the land grants would have created black capital and independence almost immediately and precluded much of the corrosive poverty that still grips the black South.

President Andrew Johnson was nearly impeached, in part for obstructing Congress on Reconstruction. Meanwhile, he canceled Special Field Order 15, returning land to white owners and condemning blacks to de facto slavery.

In many places, the eviction process was long and bloody. As the ex-slave Sarah Debro said of the period: "Slavery was a bad thing, and freedom, of the kind we got with nothing to live on, was bad. Two snakes full of poison. One lying with his head pointing north, the other with his head pointing south ... Both bit the nigger and they was both bad."

My father and uncles grew up steeped in accountings like that.

For 250 years African-Americans were deprived of freedom, basic education and the right to accumulate wealth, which they could have passed on to their descendants.

This history would have left a wound in any case. But the wound is open and running because the country refused to atone materially when it had the chance.

In that sense, at least, my Uncle Mack is right about the apology. No amount of talk can alter the past.

The New York Times.

Is Class the Problem?

By Richard Harwood

WASHINGTON — Is it time, and is it possible, to change the debate from a preoccupation with race to the larger consideration of social class as the primary unresolved problem in American life?

The gross disparities in income, education and career opportunities are real. "We have," former Labor Secretary Robert Reich has said, "the most unequal distribution of wealth of any industrial nation in the world."

This reality, with its implications for equal opportunity, transcends race and other minority classifications.

The bottom rungs in 1995, for example, were populated by 4.2 million black, Hispanic, Asian and American Indian families who were living at or below the official poverty level. These families consisted of 19.5 million children and adults.

That same year, however, they were also populated by 5.3 million white families consisting of 25.4 million children and adults with the same low standards of living and opportunity.

The burdens of poverty tend to be long-lasting among all groups, the exception being Asian-Americans, who have the highest median family incomes and the highest levels of educational attainment.

"Social mobility" obviously exists in America. Individuals of all races and ethnicity are constantly moving from one class to another. But upward mobility is not automatic and is far less common, regardless of race, than is often assumed.

Being born poor is a burden hard to escape. A study by Samuel Bowles and Herbert Gintis found that "of 1,000 children born into the bottom 10th, only four will make it to the top 10th."

Many economists say that the white middle class has been shrinking in the past quarter-century because of relatively stagnant wages and the loss of well-paid blue-collar jobs.

As for the poor, Richard Kahlenberg writes: "One would think, with all our social reforms (a stiff inheritance tax, progressive marginal tax rates and welfare payments to the poor), that America has done a fairly good job of addressing inequality of wealth and income. But the evidence suggests the opposite."

Mr. Kahlenberg, a lawyer, teacher and former senate aide, argues in a recent book, "The Remedy," that the time has come for a major change in dealing with unequal opportunity in America. He proposes a new form of "affirmative action" based on social class rather than color and ethnicity.

The principal beneficiaries of present-day programs of affirmative action, racial diversity and racial preferences in hiring, college admissions and contract set-asides for minority entrepreneurs have been middle- or upper-class people. Blacks on the bottom rung have benefited far less.

Public opinion polls show little support for racial preferences in their present form. An inclusive class-based approach to affirmative action would, in theory, create a powerful trans-racial political base of support.

But there are many problems involved. Who among beneficiaries of the present system would lose out? How would class be defined and preferences determined? Where would the political leadership come from?

The present system has been no cure for the enduring curse of poverty and inequality. If the coming dialogue on race merely recognizes this reality, that will be progress of a sort.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Murderous Plot

PARIS — A truly surprising murder case has just been tried before the Pas-de-Calais Assize Courts and has resulted in a double condemnation to death. According to the *Figaro*, a woman named Bachelet, a wineshopkeeper of Averdoingt, with whom business had gone badly, arranged the murder of two old people who were reputed to have a goodly sum of money in their possession. Her nefarious design was carried into execution with the aid of her son; a smith named Liéval, and last but not least, the mayor of the commune. Mme. Bachelet and Liéval were both sentenced to death, the woman's son to hard labor for life and the astonishing municipal officer Rohant to ten years' penal servitude.

1922: Fake Aristocrat

MONTREAL — Charged with swindling the American Government and residents of Michigan to the extent of nearly $500,000, through the promotion of a fake insurance company, the self styled "Earl of Dunblane" has been arrested here. The "earl's" arrest was brought about by the arrival here of a woman who said she was his wife and booked a room for him at a fashionable hotel.

1947: Shaw Outraged

LONDON — Bernard Shaw joined today [July 23] in condemning a recently recorded broadcast by the British Broadcasting Corporation of a Spanish bullfight. In a letter to *The Daily Telegraph* he asked for a "public inquiry into the mental condition of the BBC," adding: "In my early days, England was proud of having abolished bear baiting and all such savageries, and had made bullfighting a national reproach to Spain."

OPINION/LETTERS

Life on the Road in America in the Bad Old Days

By Richard Reeves

BALTIMORE — The first railroad run in the United States was made by a little engine that could, the Tom Thumb, pushing an open car carrying 36 men equipped with notebooks and pencils.

The ride, 13 miles from Baltimore to a place called Ellicot's Mills, was the beginning of a line called the Baltimore and Ohio. But I was less interested in the trains than in the writing instruments, which the passengers were asked to use to write simple sentences to see if the human brain could function at high speeds.

Wanting to know more about what happened on that day, Aug. 28, 1831, I tracked down a biography of Peter Cooper, the man who built the little engine and also created Cooper Union, the college in New York City. But my attention was diverted by Cooper's accounts of his weeklong, prerailroad horse-and-carriage trips south from New York, where he was a member of the city council, to Baltimore. This is the way it was in "the good old days," as reported by Edward Mack, a Columbia University professor who wrote "Peter Cooper" in 1949:

"In winter the whole journey was made by great lumbering coaches carrying nine inside and one or two outside, with four good, fast horses changed every 10 or 12 miles. In summer there was a break at Trenton, N.J., whence a steamer carried the passengers to Philadelphia to pick up another coach for Baltimore. Once, Peter said, the coach got stuck in the mud and the passengers 'had to get out and pull a fence down that we might use the rails to pry the stage out of the mud with.'

Another mishap was caused by a swollen river. "Peter's stage got over the bridge, guided by the rails on the side, but the next one missed the bridge and was carried downstream, the ladies having to be pulled out through the windows."

Professor Mack continued: "Accidents were not the only danger in the still half-domesticated countryside, and Peter once came very near losing his life. Returning home in a one-horse wagon through New Jersey just before sundown, and wanting to go another 12 miles so as to get home the next day, Peter saw three men standing right in the middle of the road in front of him. The road was so narrow and 'at such a point of the hill' that he could not turn around and had nothing to do but meet them as well as he could. 'I took my pistols out at once, laid one of them on the seat and took one of them in my hand. With the lines in one hand and the whip and the pistol in the other I drove slowly up to the first man and then gave the horse a severe cut of the whip and he sprung with such violence that he knocked the man down and ran over him.' One of the other two men tried to stop the flying horse by grabbing hold of the shaft, the other the front of the wagon. 'I did not get too far when the wheel ran right over him, nearly throwing me out of the wagon. I do not know what became of the third man.' "

No wonder Cooper and most everyone else wanted railroads. American roads were famously rough and dangerous. After a bouncing ride of 10 days through the South, Alexis de Tocqueville, the young man who would write "Democracy in America," asked a prominent South Carolinian why American roads were so bad compared to those through the most rural parts of Europe.

America's byways were famously rough and dangerous in the days when local authorities called the shots.

The American, Joel Roberts Poinsett, a former congressman who would one day be secretary of war, answered: "It's a great constitutional question whether Congress has the right to make anything but military roads. ... It's the states that often undertake to keep up the roads traversing them. Most frequently these roads are at the expense of the counties. In general our roads are in very bad repair. We haven't the central authority to force the counties to do their duty. The inspection, being local, is biased and slack."

It is well to remember things like that in these times when returning the power of central government to local government bodies is all the fashion in America. Functions like transportation were centralized in the first place because states and counties resisted measures that would help the commerce of any other jurisdictions. South Carolina did not want good roads into North Carolina.

In fact, it was not until the 1950s that the United States built interstate highways. That happened because the president, Dwight Eisenhower, had the credibility as a war hero to sell interstates as essential to national defense. The question was, in effect: How will we get tanks to Long Island if the Russians invade?

So was born the national defense highways, as they were and are called.

Back to the ride of the Tom Thumb. One of the first American passengers, John H. B. Latrobe, wrote: "Excited gentlemen of the party pulled out memorandum books, and when at the highest speed, which was 18 miles an hour, wrote their names and some connected sentences to prove that even at great velocity it was possible to do so."

Universal Press Syndicate.

LETTERS TO THE EDITOR

Bigger Isn't Better

Virtually everyone seems to agree that NATO enlargement represents a key Clinton foreign policy achievement and indeed one of the critical decisions of the post-Cold War era. At the same time, numerous complaints have been raised concerning the absence of public or — as far as one can tell — even intragovernment debate concerning the pros and cons of this rather fateful development.

There are certainly many unresolved issues concerning who is to join and when, and huge differences on the costs and how they are to be shared. But perhaps most disconcerting is the dissonance between various parties' publicly stated objectives and other, only thinly disguised under-the-table motivations. The United States claims it wants to enhance security in Central and Eastern Europe by including its newly democratic states; but what it is also seeking is a new market for its defense industry as well as the survival of a veto-free alliance that can address Bosnia-type problems in the future. Western Europe claims to share the U.S. interest in security, but its basic objectives are to keep the United States engaged and Germany safely within the alliance, while it also clearly prefers to offer NATO expansion rather than membership in the European Union.

How security anywhere is enhanced by creating a new division between insiders and outsiders, fueling Russia's nationalist sentiments, endangering the fate of SALT-2 in the Duma and pushing Russia into the arms of China remains totally unclear. What is clear is that we currently have the Russians over a barrel and are therefore able to buy them off temporarily with vague promises of NATO consultation.

What is also clear is that a long queue of countries is forming, including not only Romania and Slovenia but also the Baltic states and — who knows? — other members of the CIS (besides Ukraine) that wish to distance themselves from Russia.

President Bill Clinton has characterized Russia's acquiescence as "a historic step closer to a peaceful, undivided, democratic Europe." But a new iron curtain is coming down, this time of the West's making. Can we really afford to dismiss George Kennan's warning that we will live to regret this "historic step"?

GUSTAV RANIS.
New Haven, Connecticut.

Regarding "American Arms Makers Lobby for NATO Expansion" (June 30):

After the ideals and ideas proclaimed by the NATO expansionists, U.S. defense lobbyists now weigh in: Eastern European countries need arms and ammunition from Uncle Sam so they can proudly consort with their NATO allies.

Meanwhile, these countries can sell their second-rate armaments to Third World countries, rebel groups and tribal factions, for the cataclysmic diversion of all.

Senators, forget the pork barrel; remember the pine box.

WILLIAM GREENWAY.
Paris.

Reform in Kenya

Regarding "Kenya Needs Reforms" (Editorial, July 17):

Kenya, like many countries and institutions, needs reform to meet the challenges of the future.

Like all cultures in the West and elsewhere, these reforms take place in a cultural milieu. The direction and tempo of successful reforms largely depend on the mood and perception of its diverse cultural, social, economic and ethnic composition. Violent demands for change do not always receive popular support and could be harmful to the course of reform crusaders. To demand changes violently is both unconstitutional and undemocratic.

As for the 1992 presidential elections, President Daniel arap Moi won with 38 percent of the vote, defeating seven challengers.

S. A. LOYATUM.
Paris.

The writer is the Kenyan ambassador to France.

48 Hours and More

Regarding "British U-Turn on EU Social Rules Has Little Effect — Now" (May 13):

The article incorrectly states that the European social chapter bans 48-hour workweeks. The working time directive does not prevent people from working more than 48 hours a week. As long as there is an agreement between management and employees, anyone can work for more than 48 hours a week.

MARCELLO LEONARDI.
London.

Celebrating the Rebirth Of Germany's Jews

By Robert B. Goldmann

NEW YORK — When the election of a new head of a Jewish community makes national news, it is clear something important is happening in the place of Jews in that country.

The country is Germany, and the news was that Andreas Nachama was elected president of the community board of Berlin's 10,000 Jews.

MEANWHILE

What is significant is that in no other country is the role of the Jewish community and the alertness to issues concerning Jews as keenly felt as in Germany. In large part, of course, this is because of the shadow of the past that hangs over the country. But there is also a distinctly positive and promising side to what is happening.

A half-century after a German government attempted — and almost succeeded — in wiping out Europe's Jewish population, a prize was bestowed on Chancellor Helmut Kohl by the head of Germany's Jewish community. The prize was named for the last German Jewish leader before the lights went out — Rabbi Leo Baeck — and celebrated the rebirth of a Jewish community that by the end of this decade could reach 100,000.

Germany's Jewish community has grown from a few ragged survivors in displaced persons camps in 1945 to more than 60,000 today. This story, largely untold outside Germany, represents a turnaround in history that few would have anticipated when the war ended and that even those directly involved have yet to fully grasp.

Problems remain: The past will always darken the relationship between Germans and Jews. There also remain unsettled issues, such as unmet compensation claims from Jews, mostly in Eastern Europe, who have not benefited from the $60 billion that Germany has so far spent on restitution. And not all is sweetness and light in relations between Jews and non-Jews in Germany.

This latter issue was highlighted at a two-day conference in New York in May. Speakers from Jewish communities in various German cities: academic experts from the United States, Israel and Germany, and American-Jewish spokesmen covered a wide range of issues. Significantly, skinhead and neo-Nazi violence received scant attention. The number of incidents has dropped from more than 6,000 five years ago to less than 1,000 last year. The problems that will take time to resolve go deeper.

As Micha Brumlik, born in Germany and now a professor at Heidelberg University, put it: "We are no longer sitting on our suitcases, as the saying went. But it is not clear to me how to identify myself: as a German Jew, as a Jewish German or as a Jew in Germany." Mr. Brumlik said he and many other Jews cannot feel German but want to participate in the life of the country. The next generation, he said, will probably see themselves as German Jews.

Another conference participant urged that Jews in Germany "develop their identity beyond the Holocaust."

Germany's Jewish community has grown from a few ragged survivors in 1945 to more than 60,000 today.

Among the major concerns of Germany's Jewish community is the integration of Jewish immigrants from the former Soviet Union. Many Russian Jews, who know little about Judaism after a life in an atheistic society, find it difficult to be comfortable in the generally Orthodox milieu of Germany's Jewish community. But neither do they feel German or Russian.

Another issue is discrimination against Jews and other minorities in Germany, where a distinction between Germans and "foreigners" persists. "German" is defined in terms of ancestry by blood, not place of birth or naturalization. As a result, the nation has not come to terms with the pluralistic society it has in fact become.

The writer, who represents the Anti-Defamation League, contributed this comment to the International Herald Tribune.

Photo by Tahroshi Tamura

When children have access to safe water, it can wash away a lot of tears.

According to UNICEF, nearly 800 million additional people-more than ten per cent of the world's population-have gained access to safe drinking water since 1990.

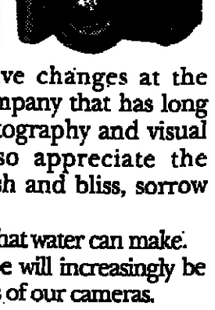
What refreshing news.

Because when a source of pure water is close at hand, children are less likely to suffer from poor hygiene and rampant diseases. Including the diarrheal ailments which cause the deaths of some 2 million under-five-year-olds each year.

And when a source of pure water is close at hand, mothers are able to spend more time nursing and educating their children instead of walking long distances to procure water.

Still, more than 1 billion people remain without access to safe water. Yet the solution can be as simple as a hand-operated pump atop a neighborhood well, provided through the efforts of UNICEF and other organizations. Whose programs based on working together with local communities have been quite successful.

As a company that believes living and working together for the common good, we at Canon appreciate the involvement of UNICEF and others in mobilizing local initiative to effect positive changes at the community level. As a company that has long been associated with photography and visual communications, we also appreciate the difference between anguish and bliss, sorrow and joy, tears and smiles.



It is the happy difference that water can make.

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Canon

50th Anniversary

Water for children, peace for the world.

A message from the honorable Kofi A. Annan, Secretary-General of the United Nations

The world is beginning to recognize that conflict has many roots, that peace rests on economic and social stability. Creating such stability is not merely a matter of projects and statistics. It is above all, a matter of people, real people with basic needs: food, clothing, shelter, medical care and water.

Among these needs, safe water is basic. Water is the essence of life, but can be deadly if contaminated. A safe source of water can help alleviate some of the worst aspects of poverty and give children the chance to grow up healthy in body and mind.

Children need clean drinking water and they have a right to clean drinking water. That right is enshrined in the 1989 Convention on the Rights of the Child.

Kofi A. Annan

Help UNICEF help children.

unicef

United Nations Children's Fund

For more information, please contact your nearest UNICEF office or National Committee for UNICEF.

This column is donated by Canon and the International Herald Tribune.

STAGE/ENTERTAINMENT

TOMORROW: HEALTH SCIENCE

The Legends and the Reality: Brad Mehldau

By Mike Zwerin
International Herald Tribune

Christian Rose

Mehldau shows increasing maturity and popularity.

PERUGIA, Italy — The contract between Herbie Hancock's "New Standard All-Stars" and the Umbria Jazz Festival specified suites. Perugia's Brufani Hotel has 14 suites and as many stars as a hotel can get. How many stars can all-star jazzmen get?

Never mind. John Scofield and Michael Brecker on guitar and saxophone held star-eyed contact while exploring a unison funk line based on a tune by the Artist Formerly Known As Prince. Hancock's all-stars also standardized Lennon and McCartney and Stevie Wonder. Jack DeJohnette and Don Alias on drums and percussion proved that two all-star rhythmers are not better than one.

"The Legends" performed the following night. The legendary Eric Clapton was at the top of the lineup, followed by Marcus Miller, David Sanborn, Steve Gadd and Joe Sample. We were supposed to be impressed with our good fortune being able to hear Clapton just playing the blues with the guys. And we were.

Jazz is eccentric music. If eccentricity were to be held against the great jazz improvisers there would be much less great improvisation. The synthesizer virtuoso Joe Zawinul is so eccentric that he renders predictability volatile. He acousticizes electricity. His ego, always cocked and ready to fire, irritates critics. They hold his eccentricity against him.

The 39-year-old baritone singer Kevin Mahogany summoned the image of Billy Eckstine's voice coming out of a defensive tackle's body. Hearing him sing standards such as "My Foolish Heart" with so much sensitivity, you marvel at the breadth and depth of it all.

The young lion Brad Mehldau was squeezed with his trio and an Amadeus, an Italian-built stretched concert grand even longer than a Boesendorfer, on an intimate stage in an under-ventilated art movie house. His habitual cigarette was not hanging from his mouth and he explained that it was in deference to sure-fire secondhand smoke in such a room. Such self-control is newfound.

He has had problems with excess in the past. Despite his glowing reviews, Joshua Redman reluctantly let him go for this reason after some years in his band. And one reason for Mehldau's currently increasing maturity and popularity is the fact that he is now able to make positive personal choices.

Lately Mehldau has been investigating the more or less uncharted territory of improvised polyphony. You might visualize concentric rows of colorful blossoming flowers. But Mehldau is also pale and thin and vulnerable and you might also wonder how long the flowering will continue.

Claude Nobs, director of the Montreux Jazz Festival, heard Mehldau in the Petit Theatre of the Swiss Majestic Hotel earlier in the season as part of the "Jazz Acoustic" festival, one of many Montreux spin-offs. Nobs liked what he heard and asked him back.

Nobs trusts his ears, and he makes up his open mind quickly. Famous for bizarre juxtapositions, he loves to stretch the possible programming. Mehldau flew from Perugia to Montreux via Rome and Geneva. It was a hard round trip in 24 little hours in order to open for 30 short minutes for the Italian pop singer Vasco Rossi in Stravinsky Hall.

One way or another, Mehldau is reaching more, and more influential, people. His impressionistic style and head-hung sloped-shoulder posture at the keyboard reminds some listeners of Bill Evans. And the mere fact that he played solo acoustic piano improvisations reminded some Italian pop fans in the audience of Keith Jarrett. Such superficial analyses are not totally wrong.

The audience was flattered to have its intelligence catered to. (Nobs had anticipated that; his juxtapositions are not as bizarre as they seem.) When they realized that they actually liked this intellectual music, the audience was proud to show it off. There was important applause. They particularly liked his polyphonic rendition of Lennon and McCartney's "Dear Prudence" (Mehldau is working on an album of Beatles songs — talk about "new standards.") He would never have had such a strong positive reaction in the American heartland, or at least he never has.

After a recent solo concert in Little Rock, Arkansas, people came up to him with apologetic compliments. His stuff is obviously cultured but they didn't really get it and so they are obviously not cultured. They resented him for reminding them of that.

But he said that he had just not been able to get inside the music in Montreux. His last set in Perugia had ended at 2 A.M. the night before and he was tired. Alitalia's schizophrenic departure-gate announcements, which had run him back and forth on a sweaty, fast and packed track in the Rome airport on the way up that afternoon, had not helped.

He kept seeing himself from another perspective on stage — from outside, as it were, as though he was in a B-movie about a jazz piano player. It was like he was acting the part of a sensitive musician rather than being one. And the role separated him from his muse.

Once Brad Mehldau learns the difference between role and reality, there will be no stopping him.

Meanwhile, the festivals go marching on.

Johan Haynes

Darren Tighe and Ashley Jensen in Simon Block's "Chimps."

Back to the Riviera: Dance and 'Divorce'

By Sheridan Morley
International Herald Tribune

LONDON — For those of us who still believe in the heritage as well as the sheer survival of the British stage musical against all the financial and other odds, something just wonderful is happening this week on the main stage at Chichester. Back in 1965, "Divorce Me, Darling" was the 10-years-later sequel to Sandy Wilson's "The Boy Friend," one that died a rapid death in the West End not least because that winter of Julie Christie in "Darling" and the Rolling Stones with "Satisfaction" was scarcely the one in which to arouse much nostalgic interest in the long-lost world of the 1930s Riviera.

BRITISH THEATER

But now Paul Kerryson brings us the first revival of what I guess Hollywood might have called "Boy Friend II." All the characters from the original are back in Nice, only this time to get divorced or bombed or bankrupted; the innocence of the '20s has given way to a darker and more complex world of the '30s in which people are now frantically dancing away from something horrible rather than toward something magical.

The sheer, long-neglected brilliance of Sandy Wilson is that he exists and operates on the very borders of memory and mockery, slyly commenting on this prewar period even while he is ostensibly celebrating it. In that sense, his songs are far more subversive than they first appear, elegant little musical time bombs that explode just when you least expect them.

Kerryson has gathered around him the greatest musical cast I have seen in nearly 40 years of Chichester; led by the ageless, timeless Liliane Montevecchi, the company also includes Rosemary Ford, Tim Flavin, Ruthie Henshall and Andrew Halliday as the would-be divorcees, the veteran Jack Tripp and Joan Savage as the loony aristocrats leading a troop of keep-fit tap dancers for reasons never explained, Marti Webb as the requisite American heiress and Linzi Hately as the maid made for all occasions.

True, if David Needham's choreography were any more camp they'd have to dance the whole thing in tents, but then again who now "takes the lunchtime plane from Croydon"?

At Hampstead, Simon Block's "Chimps" is the suburban English answer to David Mamet's "Glengarry Glen Ross," where the salesmen meet the suckers only to indulge in an orgy of mutual self-destruction. This time the suckers are a nerdish young book illustrator (Darren Tighe) and his altogether more together, achieving, tougher girlfriend (Ashley Jensen). As they set out on what is clearly an already unequal, uneasy and uneven domestic partnership brought on by her pregnancy, their new home is invaded by Nicholas Woodeson and Fraser James as a couple of door-to-door paint salesmen obsessed with closing whatever deal they can actually make in the circumstances.

Block is a young and scabrously funny writer who made his name at the Royal Court a couple of years ago with an equally black comedy about obsessive table-tennis partners; this time he is happy to watch two unsteady partnerships (that of the hopeful sellers and the prospective buyers) disintegrate under the weight of their own in-fighting as each of the quartet struggles unsuccessfully to achieve some hopeless supremacy over the other three.

There is, admittedly, only just about enough plot here to keep the drama alive at all, as for much of the time we just watch four bleakly funny character sketches. And in the end there can be no real winners or losers, just four total misfits trying to work out how to escape each other if not also themselves. But as Woodeson develops his ex-chicken farmer into an incompetent and unwilling sales shark, it is like watching Willy Loman in a vaudeville sketch. The death of this salesman and his clients, at least spiritually and morally, is what gives "Chimps" its boundless energy and resourcefulness. Attention must be paid, if only to Block's realization that in this constant war of attrition there are in the end no buyers or sellers, just a lot of very confused people desperately trying to reach the secret of life's bargain offer in case it really exists.

Finally, there is the launch of a new Shakespeare Festival with the most spectacular "Henry V" I have ever seen on stage; up and indeed over the 12th-century battlements of Barnwell Castle near Oundle, the former home of the Dukes of Gloucester. Geoffrey Davies put together a company of actors and archers (led by Robert Hardy as a definitive Chorus and Nigel Wrights on as a srurdy King) who, as the cannons roared and the arrows soared through the evening sky, brought this play about the disciplines of war into a whole new arena of pageant, parade and fireworks display. In its debut season, Barnwell has already given Shakespeare's Globe and Regent's Park severe open-air competition: if you missed it this summer, book early for next.

Wagner Lampooned, Hilariously, in France

By David Stevens
International Herald Tribune

MONTPELLIER, France — Oscar Straus is above all a composer of the twilight of Viennese operetta and its transplantation to Hollywood ("The Chocolate Soldier"), and he may be best known for his score for Max Ophuls's 1950 film classic "La Ronde," but he has fallen into oblivion.

It is precisely that oblivion that makes him a likely candidate for revival at the annual Montpellier-Radio France festival, which is largely dedicated by its director, Rene Koering, to the proposition that there is a lot of interesting and even great music locked away in history's bottom drawer.

"Die Lustigen Nibelungen" was Straus' first operetta, written when he was still a Berlin cabaret pianist, in collaboration with a librettist with the pseudonym of Rideamus. As the name suggests, it was a send-up of Germanic legend and Wagner's use thereof (mostly "Siegfried"), although Straus' music is unfailingly charming, with only the mildest allusions to Wagnerian methodology.

It also was a lampoon of the crasser aspects of German society under Wilhelm II, and Straus' portrayal of Nibelung society, a success after its 1904 premiere in Vienna, began to run into virulent nationalist opposition as the war approached. Death came apparently with an ill-advised revival in Vienna in midwar, 1916.

What was staged here hilariously, in the outdoor Cour Jacques Coeur as "Ces Sacres Nibelungen," might not have been easily recognized by Straus. Koering did a very free "translation" of the book, borrowed from Wagner and various lampoons of Wagner, and staged the result himself as something like a historic legend in the manner of Asterix, in a musical presentation that owes as much to Spike Jones, Gerard Hoffnung or P.D.Q. Bach as it does to the composer of record.

Siegfried, who in Wagner is already a bumptious lout, is even more so here, but heartily accepted as a suitable suitor for the nymphomaniac Kriemhild because his many shares in the Nibelung hoard are on deposit in the Rhine Bank at 6 percent. Brunhild's notion of marital bliss is to batter the wimp Gunter regularly (one up-to-date touch being that she bites him on the ear).

The Forest Bird returns from the Club Med at Bayreuth and bursts into Elisabeth's aria from "Tannhauser" before predicting to Siegfried that he will not die — no one dies in operettas, but also because the Nibelung shares go bust so there is no longer any profit in Uncle Hagen bumping him off.

Among the gags, musical and otherwise, there is an occasional allusion to real history. Siegfried arrives by auto with a horn that sounds his signature horn call. It seems that Kaiser Bill was such a Wagnerian that one of his automobiles had just such a klaxon.

Koering managed to get some very fine singers to join in the tomfoolery while amply giving Straus his due. Michele Lagrange was in glorious voice as Kriemhild, the flamboyant Francoise Pollet lent her weight, vocal and otherwise, to the aggressive Brunhild, while the Swedish tenor Christer Bladin sang heroically as the loutish Siegfried. Gilles Yanetti pulled off an astonishing double turn as the ambulant Forest Bird and as a Hitlerian major domo of the Nibelung household.

ENRIQUE DIEMECKE'S solid conducting kept this mixed bag together, Koering settled a few accounts with Wagner and staged it with a broad farcical brush in the comic strip sets and costumes of Herve and Richard Di Rosa.

The festival continues to Aug. 3 with musical rarities that include concert performances of Ernest Bloch's "Macbeth" and Britten's "Rape of Lucretia," concerts of Rachmaninoff's liturgical music, of works by John Adams, and Hungarian and Romanian gypsy music.

BOOKS

BEER BLAST: Twenty Years of Fads and Follies in the Battle of the Brews

By Philip Van Munching. 309 pages. $24. Times Business.

Reviewed by
Jonathan Yardley

THIS amusing and instructive analysis of the self-destructive machinations of the American brewing industry is the work of an authoritative source: a third-generation member of one of the country's more prominent imported-beer operations. Until three years ago, when Philip Van Munching and his brother, Christopher, were squeezed out by new management, the importing and distribution of Heineken beer was handled, with conspicuous success, by the Van Munching Company, a name well known to consumers of up-market suds. That company's day is now done, but the family's interest in and knowledge of the business have not faded, as this book attests.

"Beer Blast" is part business manual and part personal memoir. As the former, it is a cautionary tale about the snares and delusions of "marketing," as the word is now commonly understood in American corporate culture. As the latter, it is an engaging recollection of how beer used to be distributed and sold, and of some of the people who were prominent in that line of work, ranging from a small cast of characters named Busch to competitors who struggled, with varying degrees of success, to challenge Anheuser-Busch's domination of the American market.

In the United States, if not in a more sophisticated beer-drinking environment such as England's or Germany's, two salient realities cannot be escaped. The first is that all beer tastes pretty much alike, so success has less to do with quality than with image and brand loyalty. The second is that beer-drinking in America is largely the province of young males — "guys," as Dave Barry calls them — so advertising and promotion must be geared to this market's high testosterone and low contemplative life. That explains Spuds MacKenzie and the Bud Bowl; when "a 20 percent chunk of all beer drinkers" consumes "about 70 percent of all beer sold," there are no depths to which the industry will not sink in order to capture its attention.

This fixation on the guy market coincides with "a new era in the brewing industry, one in which the marketer would play a role as large as that of the brewmaster or even the sales manager," with decidedly mixed results. With Philip Morris taking over Miller, and with Anheuser-Busch suddenly in the grip of a small army of newly minted MBAs, what had been "a relatively straightforward and unsophisticated industry" suddenly fell into the hands of people who knew nothing about beer but fancied that they knew everything about how to sell it. The result was a proliferation of new products and 15-minute fads, only one of which showed any real staying power.

THIS was light beer, introduced on a national scale by Miller and successfully imitated by Budweiser. As Van Munching astutely points out, light beer met clear, if previously unrecognized, consumer demands: for a beer that had fewer calories and for one with reduced alcohol. Light beer meant that people could (a) drink the same amount of beer with less effect on their weight or (b) drink more beer with less effect on their sobriety. However one may feel about the taste of light beer, its spectacular success is easy to explain: it gives people what they want.

But the success of light beer put ideas into the minds of the marketers. Unable to distinguish between real consumer demand and artificial demand whipped up by advertising, they assumed that the success of light beer could be replicated over and over again, so long as the brewers could trot out new products. This resulted in, among other things, "dry" beer and "ice" beer and, most ludicrous of all, "clear" beer, all of which were rushed into distribution without — or so at least it seems — any discussion of the basic questions any new product should raise: Does it meet a real demand and is it any good?

It is self-evident that the lessons Van Munching learned during his years in the beer trade have far broader application. What is true of the selling of beer is no less true of the selling of just about anything else. Van Munching poses what he calls "the Eleven Basic Laws of Beer Marketing," among them being: "start with a good product"; "beware of small changes in quality; they can add up to disaster"; "know who your customers are, and speak to them in your advertising"; "don't sacrifice existing customers for new ones"; "don't change for the sake of change"; and "beware advertising agencies bearing bold new ideas."

Those precepts are nothing more or less than plain old common sense, yet it's amazing how little respect they get in contemporary American commerce. The recent histories of the automobile and processed-food industries, to name just two, are littered with the corpses of forgotten products. People are not as stupid as marketers imagine them to be; they will not buy what they don't want or need, and, given the choice, they will buy a good product rather than a shoddy one. Sic transit Zima.

Jonathan Yardley is on the staff of The Washington Post.

BEST SELLERS

New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive

FICTION

This Week		Last Week	Weeks on List
1	SPECIAL DELIVERY by Danielle Steel	2	2
2	PLUM ISLAND, by Nelson DeMille	3	3
3	FAT TUESDAY by Sandra Brown	5	4
4	THE PARTNER, by John Grisham	4	19
5	UP ISLAND, by Anne Rivers Siddons	6	6
6	LONDON, by Edward Rutherfurd	7	7
7	THE NOTEBOOK, by Nicholas Sparks	8	39
8	CHASING CEZANNE, Peter Mayle	9	4
9	COLD MOUNTAIN by Charles Frazier	15	2
10	THE PRESIDENT'S DAUGHTER, by Jack Higgins	9	4
11	PRETEND YOU DON'T SEE HER, by Mary Higgins Clark	10	15
12	THE LAST HEROES by W E B Griffin		1
13	THE MAZE, by Catherine Coulter		1
14	SNOW IN AUGUST, by Pete Hamill	14	9
15	DECEPTION ON HIS MIND by Elizabeth George		1

NONFICTION

1	ANGELA'S ASHES, by Frank McCourt	1	44
2	INTO THIN AIR, by Jon Krakauer	2	11
3	THE PERFECT STORM, by Sebastian Junger	4	5
4	THE BIBLE CODE, by Michael Drosnin	3	6
5	BRAIN DROPPINGS, by George Carlin	5	—
6	THE GIFT OF FEAR, by Gavin de Becker	6	3
7	MIDNIGHT IN THE GARDEN OF GOOD AND EVIL by John Berendt	7	157
8	CONVERSATIONS WITH GOD, Book 1, by Neale Donald Walsch	10	31
9	JUST AS I AM, by Billy Graham	8	10
10	THE MILLIONAIRE NEXT DOOR, by Thomas J. Stanley and William D. Danko	9	29
11	MARTHA STEWART'S JUST DESSERTS, by Jerry Oppenheimer		1
12	INTO THE STORM, by Tom Clancy with Fred Franks Jr.	11	7
13	WITHOUT A DOUBT, by Marcia Clark with Teresa Carpenter	12	9
14	UNDERBOSS, by Peter Maas	14	12
15	CONVERSATIONS WITH GOD, Book 2, by Neale Donald Walsch	15	3

ADVICE, HOW-TO AND MISCELLANEOUS

1	MARS AND VENUS ON A DATE, by John Gray	4	3
2	SIMPLE ABUNDANCE, by Sarah Ban Breathnach	1	57
3	EIGHT WEEKS TO OPTIMUM HEALTH by Andrew Weil	2	16
4	KIDS ARE FUNNY (even The Rosie O'Donnell Show)	3	15

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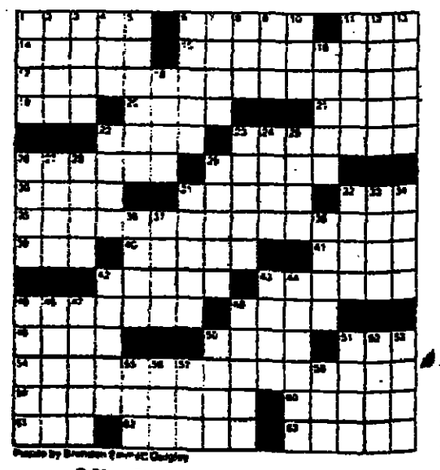
ACROSS
1 "Belling Bella"
5 Booth in the theater
11 Part of what a biathlete does
14 "Crazy" singer Patsy
15 At any rate
17 1927 Virginia Woolf novel
19 Chem. or biol.
20 Where the wild things are
21 Baltic Sea feeder
22 Relish
23 Fall flat
26 "Java" man
29 Things to strive for
30 Very bright, as colors
31 Bouquet
32 Corp. money man or woman
35 Overly intelligent
36 Baseball's Fernandez
40 Kind of daisy
41 Patron saint of Norway
42 Truckers, perhaps
43 Trounces
46 Tell tale activity
48 Eccentric
49 1970 Kinks hit
50 Wrapped (up)
51 45 battle site, for short
54 1962 Mitchum/MacLaine film
59 Kind of clause
60 Vampire hunter's weapon
61 Catcher locale?
62 Team for which Gretzky left the Oilers
63 Spoken for

DOWN
1 Groups on the program
2 Coalition
3 Penne alternative
4 Durham sch.
5 Cool
6 "Middlemarch" author
7 What grads. earn: Abbr.
8 *Crying sound*
9 Partisan suffix
10 Utmost
11 Fahd or Faisal
12 Bandleader Kay
13 *Rhone tributary*
16 Marmaduke's comments
18 Confused
22 Element #30
23 *One of the Bonds*
24 Prosod c foot
25 Do in
28 Carpenters, e.g.
27 Pope who persuaded Attila not to attack Rome
28 Where the boyz are
29 Lady Jane and Zane
31 Cartoonist Tex
33 Storm precedes
33 Envelope part
34 Switch settings
36 Ear part
37 Phys. activity
38 Catchy part of a song
42 Rub the wrong way?
43 Really impresses
44 "I swear!"
46 Raised platform
46 Obstreperous
47 Part of a bulb
48 Ships spines
50 Long nap?
51 Dinesen who wrote "Out of Africa"
52 Ship's mail
53 John Irving's "A Prayer for ——— Mazur"
56 Red or teal planet
58 Supper's start
57 Soldier material
58 U.F.K. backing



Puzzle by Brendan Emmett Quigley

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Solution to Puzzle of July 22

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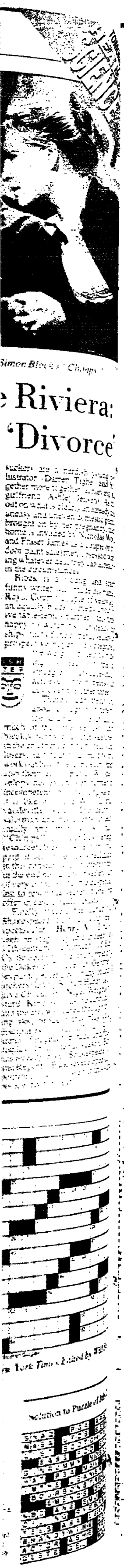

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The Associated Press.

DID YOU MISS A DAY THIS WEEK?

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Continued on Page 16

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Seeking Diversity, Boeing Sticks to Its Roots

By Adam Bryant
New York Times Service

NEW YORK — In the aerospace business, Boeing seems invincible. By placing big bets on new aircraft and paying close attention to research and engineering, it has grown to dominate its industry by a wide margin.

When it has tried to diversify outside the notoriously volatile aircraft industry, though, it has a remarkable history of missing the mark.

Through the years, Boeing Co. has made everything from windmills and hydrofoils to rail cars and computer-controlled buses. In its early days, it even tried making furniture. And while most of these ventures were considered technical successes, they all drained cash until the company ended them.

Now, undeterred, Boeing is breaking out into new areas again. But this time the company finally appears to have learned from its mistakes. In recent months, the Seattle-based Boeing has announced a number of new ventures — such as selling corporate jets and training pilots — that suggest that it has decided to stay close to its aerospace roots.

"Boeing has learned that if it reaches too far afield, it gets burned," said Wolfgang Demisch, aerospace analyst at BT Securities. "So it is trying to somehow extend its presence by building on its existing franchises."

If successful, the new ventures could help smooth out the cyclical swings that have long buffeted Boeing's stock price and the size of its work force.

That search for balance was a big reason Boeing announced in December its intention to acquire McDonnell Douglas Corp., whose strength in military contracting should complement Boeing's commercial-aircraft business. But that deal, scheduled to be completed early next month, has encountered sharp criticism from the European Union.

And Boeing has another kind of problem — the kind any company would love to have. It expects to generate such hefty profits in coming years that it will be forced to find new uses for all the cash. On Monday, it reported second-quarter net income of $334 million on revenues of $9.29 billion. The results were short of analysts' expectations, but that is probably just a blip on the radar. And this time, Boeing is not waiting to start searching for new businesses only after aircraft orders have slumped and it is struggling to keep its workers busy.

"That is a significant difference between the past and where we are today," said Lawrence Clarkson, president of Boeing Enterprises, a division created in January to seek out and manage new ventures.

Boeing, for example, is now in the corporate-jet business. The idea grew out of conversations between Philip Condit, Boeing's chairman, and John Welch, chairman of General Electric Co., a big supplier of engines to Boeing as well as a big buyer of jets for its aircraft-leasing division.

According to Boeing executives, Mr. Welch had already committed to buying two 737s for corporate use, but mentioned to Mr. Condit that they still lacked the range of traditional, smaller corporate jets.

Boeing then set 100 engineers to work designing a 737 with the most modern wings and bigger fuel tanks to get its range above 6,000 miles (9,600 kilometers).

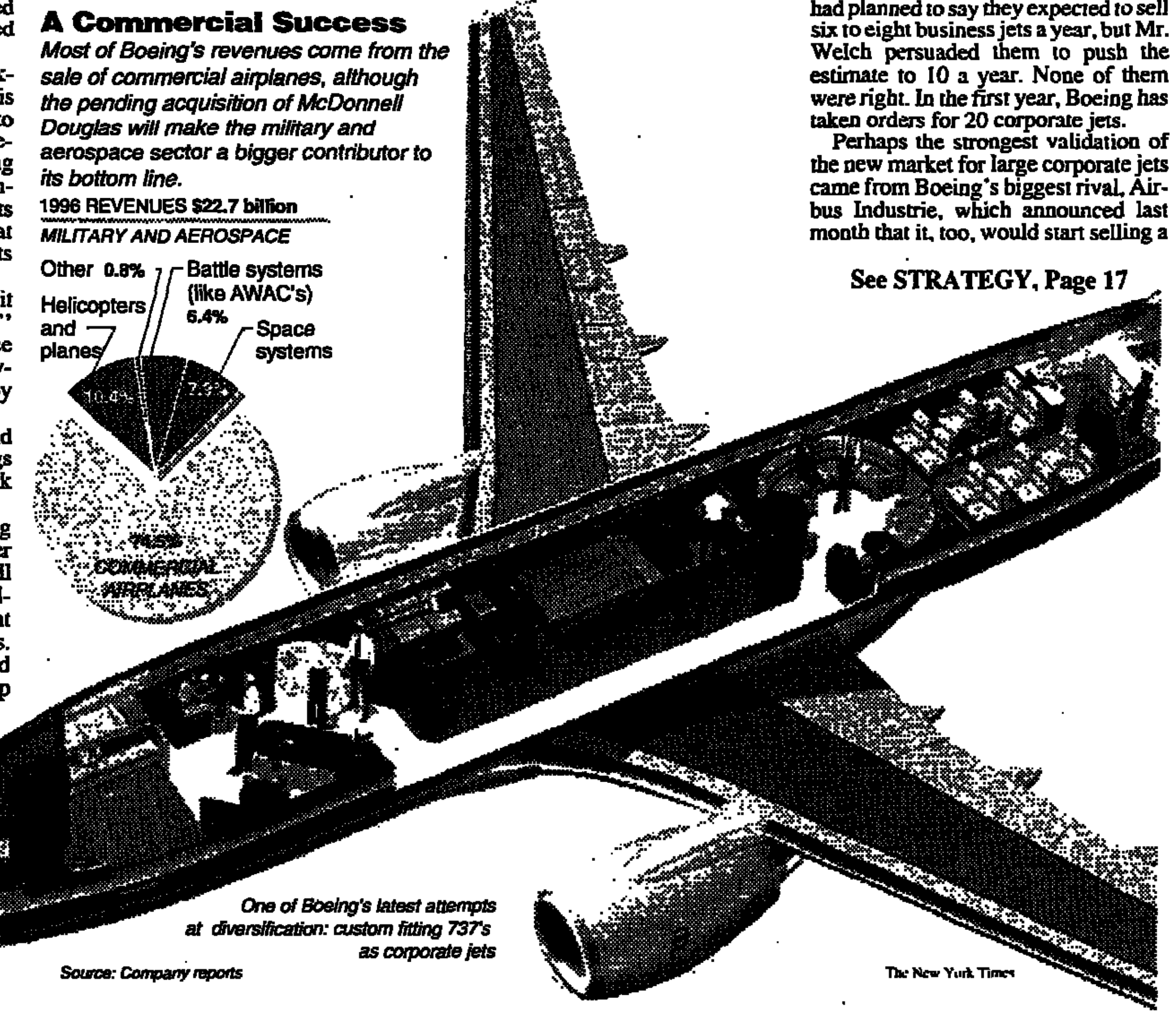
Offered this new capacity, Mr. Welch immediately switched his order to the new version and, convinced such a plane would appeal to other executives, joined Boeing as a partner to start Boeing Business Jets.

The planes, at about $38 million to $40 million each, are approximately the same price as the smaller, top-of-the-line corporate jets made by Gulfstream Aerospace Corp. and Bombardier Inc.

At a news conference last year to announce the venture, Boeing officials had planned to say they expected to sell six to eight business jets a year, but Mr. Welch persuaded them to push the estimate to 10 a year. None of them were right. In the first year, Boeing has taken orders for 20 corporate jets.

Perhaps the strongest validation of the new market for large corporate jets came from Boeing's biggest rival, Airbus Industrie, which announced last month that it, too, would start selling a

See STRATEGY, Page 17



One of Boeing's latest attempts at diversification: custom fitting 737's as corporate jets

Source: Company reports

Tobacco Giants Lead Parade of Profit Gains

Disney and PepsiCo Show Solid Results

Compiled by Our Staff From Dispatches

Two big U.S.-based food and tobacco companies reported strong second-quarter results Tuesday, with Philip Morris Cos. posting a 13 percent gain in profits and RJR Nabisco Holdings Corp. pulling into profitability after a restructuring.

Philip Morris said its net income rose to $1.84 billion from $1.62 billion a year earlier. The company, which makes Marlboro cigarettes, Miller beer and Kraft foods, said revenue climbed 5 percent to $18.4 billion. It said tobacco revenue grew 11 percent, to $10.2 billion, while food sales declined 1.2 percent, to $6.9 billion, mainly because of currency fluctuations.

RJR Nabisco, whose business is about evenly split between tobacco and food products, said it had net income of $243 million, reversing a year-earlier loss of $27 million that included a $428 million charge for restructuring the company's sales force.

The company, which abandoned its controversial Joe Camel advertising character this month, said revenue edged up 2 percent, to $4.29 billion.

Tobacco sales, fueled by the Camel brand, rose 3 percent, to $2.1 billion, while food sales crept up to $2.19 billion from $2.18 billion, helped by its Oreo and other cookie brands.

Philip Morris shares were up $2 in late trading at $42.50.

In other earnings news:

• **Walt Disney Co.** said earnings rose 18 percent in its third quarter on strong video sales for its "101 Dalmatians" film and record attendance at its theme parks.

Net income rose to $473 million from pro-forma profit of $401 million in the like quarter last year. Revenue rose 2 percent, to $5.2 billion. The year-earlier results were adjusted to reflect the acquisition of Capital Cities/ABC Inc., now called ABC Inc.

• **PepsiCo Inc.** posted a 13 percent gain in second-quarter income, to $656 million, as improved performance in its snack-food and restaurant businesses offset a flat period in soft drinks. Revenue was about unchanged. PepsiCo said North American soft drink sales were lower than expected because of cold weather and intense competition.

Pharmaceutical companies also posted gains in the quarter, with U.S.-based companies helped by rising drug sales that offset the effect of a strong dollar on overseas receipts.

• **American Home Products'** earnings rose 17 percent, to $459.1 million, on a slight increase in sales, to $3.50 billion from $3.49 billion.

• **Bristol-Myers Squibb's** profit rose 13 percent, to $738 million, led by strong sales of pharmaceuticals and beauty-care products.

• **Schering-Plough Corp.'s** profit rose 18 percent, to $373.1 million, on strong sales of its allergy drug Claritin and its cancer treatment Intron A. The drugmaker's sales rose 16 percent, to $1.72 billion.

• **SmithKline Beecham PLC** said second-quarter profit rose 1 percent, to £231 million ($387 million) as the pound's strength and higher costs overshadowed growth in prescription drug sales. The company also announced a 2-for-1 stock split. Its shares closed 49 pence higher, at 1,219.5, in London.

• **Warner Lambert's** second-quarter earnings rose 8 percent, to $231.4 million, helped by increased sales of the anti-cholesterol drug Lipitor and the diabetes drug Rezulin. Sales rose 9.8 percent, to $1.97 billion, as sales of the two new drugs made up for a 5 percent decline in sales of over-the-counter drugs.

• **Bell Atlantic Corp.** said second-quarter operating profit rose 11 percent, to $513.9 million, as the company installed more phone lines and added cellular customers. A charge of $15 million for a write-down of Bell Atlantic's investment in CAI Wireless Systems Inc. resulted in net income of $498.9 million.

• **Northern Telecom Ltd.** said its second-quarter profit soared 46 percent, to 217 million Canadian dollars ($157.3 million), because of increased demand for its telecommunications equipment.

• **UAL Corp.**, parent of United Airlines, said net income rose 22 percent, to $376 million, but Northwest Airlines' net fell 33 percent, to $136.2 million. Both said business had been affected by the reinstatement of a 10 percent ticket tax.

• **Texaco's** profit fell 5.4 percent, to $571 billion, because of lower oil and gas prices. *(Reuters, Bloomberg)*

ECONOMIC SCENE

Chinese 'Miracle' Confounds Predictions

High Growth and Low Inflation Breed Optimism About Restructuring

By Seth Faison
New York Times Service

BEIJING — China's economy is growing at an amazingly rapid pace, yet it confounds economists by stirring up remarkably little inflation. Reaffirming China's claim as the fastest-growing economy in the world, officials from the State Statistical Bureau announced Tuesday that China's economy grew at a 9.5 percent rate in the first half of the year, while inflation fell to 1.8 percent.

"Miraculous," said David O'Rear, a regional economist in Hong Kong. "Either they have been tremendously successful in bringing down inflation, or else the data are all wrong."

Although economic statistics in China are seriously incomplete, failing to account for an enormous underground economy, the twin trends of high growth and low inflation are clear. They point toward the possibility that Chinese leaders can somehow grow their way out of the deep economic uncertainty posed by a failing state sector and its danger of massive unemployment.

Fast growth is now taken for granted in China, as the economy has chugged along at an average of 12 percent growth over the past five years. Rising exports again played a big role in the first half of this year, growing a whopping 26 percent, to $80.8 billion, while imports were steady at $63 million.

But the plunge in inflation — from 24 percent three years ago to almost nothing now — has surprised even the most optimistic of economic forecasters, who keep adjusting their inflation projections downward.

Qiu Xiaohua, chief economist and spokesman for the State Statistical Bureau, predicted Tuesday that China's retail price index rise only 2 percent or 3 percent this year, far below the 6 percent officially predicted a few months ago.

One reason is that a bumper harvest has depressed grain prices, which in China account for a major portion of the retail price index.

'Either they have been tremendously successful in bringing down inflation, or else the data are all wrong.'

But many economists award a big chunk of credit to the tight policy launched by Deputy Prime Minister Zhu Rongji in 1993, who personally took over as head of China's central bank at the time.

With inflation high and the outlook wildly uncertain, taking responsibility for the economy was a move that prompted many political analysts to predict it would end Mr. Zhu's career.

Instead, it made him. With his sparkling economic success, Mr. Zhu is now widely expected to succeed Li Peng as prime minister early next year, when Mr. Li is required to step down after two five-year terms.

One of the largest dilemmas facing China's leaders is how to handle the 100 million workers in the state sector, where only a small portion of enterprises turn a profit and where government subsidies are falling fast.

Ever nervous about worker unrest, and the challenge to Communist Party rule it would pose, leaders are grappling with the question of whether large-scale layoffs should be done now, while economic growth is high and inflation is low.

Street protests broke out in Sichuan Province this month when workers at a failing company accused managers of embezzling unemployment-relief funds, but such unrest is still relatively rare.

Ye Zhen, chief spokesman for the State Statistical Bureau, said that more than 10 million urban workers lost their jobs in the first half of this year but that roughly half of them had found other employment.

Mindful of the vulnerable nature of an economy in transition, Mr. Ye described the economic news Tuesday as "advancing in the midst of stability."

He said, "We have achieved the high growth and low inflation that we have aimed at for years."

CURRENCY & INTEREST RATES

Cross Rates

July 22

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.041	3.4235	1.1258	0.334	0.1159*	—	5.453*	1.3788	1.7643*	1.4795	1.337*
Brussels	37.4225	62.72	20.6425	6.1235	2.1242*	18.341	—	25.1825	0.3219	27.18	24.58*
Frankfurt	1.8126	3.0345	—	0.2965	0.1028*	0.8883	4.8439*	1.2194	1.5637*	1.3132	1.1879*
London (a)	1.6767	—	3.0394	10.3419	2,953.67	3.4213	67.7422	2.482	193.8517	2.3134	255.797
Madrid	152.598	255.948	84.191	24.965	8.456*	74.788	4.0783	102.746	131.573*	110.746	—
Milan	1,760.80	2,946.00	972.50	288.13	—	863.00	47.158	1,185.55	15.179	1,275.50	11.536
New York (b)	—	1.6805a	1.8045	6.142	1,774.80	2.054	37.45	1.483	114.95	1.3789	152.715
Paris	6.1135	10.253	3.3734	—	0.3467*	2.9958	0.1634	4.1156	5.2783*	4.4252	4.0055*
Tokyo	116.35	194.75	64.69	19.18	0.665	57.46	3.1341	78.78	—	84.35	0.7685
Toronto	1.3767	2.3114	0.765	0.224	0.077*	0.6707	0.3657*	0.9293	1.194*	—	0.898*
Zurich	1.4827	2.4815	0.8815	0.2419	0.0835*	0.7226	3.9474*	—	1.2826*	1.0722	0.9692*
1 ECU	1.0940	0.6524	1.9826	6.689	1,939.32	2.2329	40.9467	1.6253	126.919	1.51158	166.973
1 SDR	1.371	0.8188	2.4651	8.3082	2,402.30	2.7974	51.1177	2.0327	159.342	1.8983	209.215

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	281.47	Mex. peso	7.875	S. Afr. rand	4.5735
Australian $	1.3492	Hong Kong $	7.7475	N. Zealand $	1.5305	S. Kor. won	892.45
Austrian sch.	12.759	Hung. forint	192.32	Norw. krone	7.4707	Swed. krona	7.7841
Brazil real	1.0811	Indian rupee	35.685	Phil. peso	28.25	Taiwan $	27.92
Chinese yuan	8.3211	Indo. rupiah	2635.0	Polish zloty	3.47	Thai baht	30.45
Czech koruna	34.41	Irish £	0.6686	Port. escudo	181.35	Turkish lira	154915.
Danish krone	6.905	Israeli shek.	3.5314	Russ ruble	5787.5	UAE dirham	3.673
Egypt. pound	3.3898	Kuw dinar	0.30	Saudi riyal	3.7506	Venez. boliv.	492.75
Fin. markka	5.3054	Malay. ring.	2.633	Sing. $	1.4667		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6723	1.6706	1.6688	Japanese yen	115.43	114.89	114.35
Canadian dollar	1.3782	1.3760	1.3738	Swiss franc	1.4802	1.4758	1.4707
Deutsche mark	1.8100	1.8063	1.8025				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

July 22

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 9/16 - 5 11/16	3 3/16 - 3 1/2	1 1/2 - 1 5/8	6 1/2 - 6 11/16	3 5/16 - 3 7/16	1/2 - 9/16	4 1/8 - 4 1/4
3-month	5 3/4 - 5 7/8	3 1/4 - 3 5/16	1 7/16 - 1 9/16	7 - 7 1/8	3 3/16 - 3 5/16	9/16 - 11/16	4 3/8 - 4 1/2
6-month	5 13/16 - 5 15/16	3 5/16 - 3 1/2	1 3/8 - 1 1/2	7 5/16 - 7 7/16	3 3/8 - 3 1/2	5/8 - 3/4	4 7/16 - 4 9/16
1-year	5 7/8 - 6	3 1/2 - 3 5/8	1 3/8 - 1 1/2	7 1/4 - 7 1/2	3 7/16 - 3 1/2	3/4 - 7/8	4 1/2 - 4 5/8

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	5 5/8	5 9/16
90-day CDs dealers	5.61	5.61
180-day CP dealers	5.50	5.50
3 month Treasury bill	5.09	5.13
1-year Treasury bill	5.24	5.29
2-year Treasury bill	5.82	5.91
5-year Treasury note	6.07	6.17
7-year Treasury note	6.11	6.20
10-year Treasury note	6.15	6.26
30-year Treasury bond	6.44	6.54
Merrill Lynch 30-day RA	5.09	5.08
Japan		
Discount rate	0.50	0.50
Call money	0.44	0.46
1-month interbank	0.54	0.54
3-month interbank	0.63	0.63
6-month interbank	0.67	0.67
10-year Govt bond	2.55	2.56
Germany		
Lombard rate	4.50	4.50
Call money	3.08	3.08
1-month interbank	3.10	3.12
3-month interbank	3.15	3.15
6-month interbank	3.23	3.25
10-year Bond	5.54	5.83

Britain		
Bank base rate	6 3/4	6 3/4
Call money	6 5/8	6 29/32
1-month interbank	6 3/4	6 7/8
3-month interbank	7.00	7.00
6-month interbank	7 3/16	7 3/16
10-year Gilt	7.01	7.08
France		
Intervention rate	3.10	3.10
Call money	3 3/16	3 3/16
1-month interbank	3 1/4	3 1/4
3-month interbank	3 5/16	3 5/16
6-month interbank	3 3/8	3 7/16
10-year OAT	5.39	5.53

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	325.55	327.80	+1.70
London	326.00	328.25	+2.05
New York	326.00	325.60	—0.60

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Aug.)
Source: Reuters.

Global Private Banking

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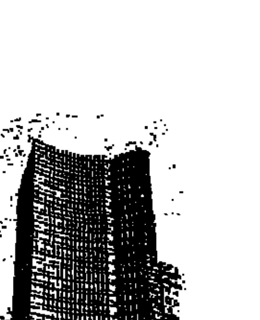

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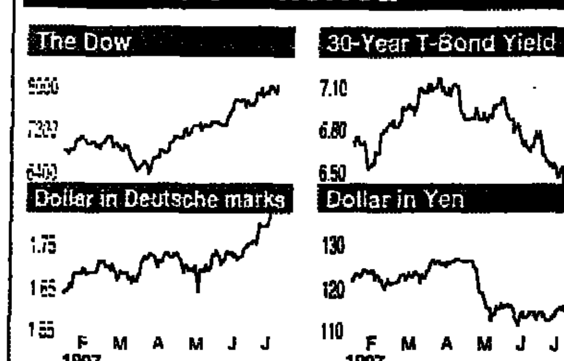
Investor's America



Exchange	Index	Tuesday @4PM	Prev. Close	% Change
NYSE	The Dow	8061.65	7906.72	+1.96
NYSE	S&P 500	933.91	912.98	+2.29
NYSE	S&P 100	914.60	894.27	+2.27
NYSE	Composite	483.89	474.50	+1.98
U.S.	Nasdaq Composite	1563.88	1536.24	+1.80
AMEX	Market Value	634.20	630.40	+0.60
Toronto	TSE Index	6718.00	6646.90	+1.07
São Paulo	Bovespa	12150.08	11142.22	+9.05
Mexico City	Bolsa	4630.87	4574.75	+1.23
Buenos Aires	Merval	812.77	789.30	+2.97
Santiago	IPSA General	5633.67	5625.58	+0.14
Caracas	Capital General	9226.21	9121.60	+1.15

Source: Bloomberg, Reuters — International Herald Tribune

BAT to Acquire Mexican Firm

Compiled by Our Staff From Dispatches

MONTERREY, Mexico — BAT Industries PLC said Tuesday it had agreed to pay $1.71 billion for Cigarerra La Moderna, Mexico's biggest cigarette maker, vaulting it past its rival, Philip Morris Cos., in the Mexican market.

The world's major cigarette makers are scrambling for new markets to compensate for the rise of anti-smoking sentiment in the United States, where a proposed settlement of health liability claims from smokers would require tobacco companies to make annual payments of billions of dollars.

The latest battleground is Mexico, whose economy has grown steadily in its recovery from the collapse of the peso in late 1994. Last month, Philip Morris paid $400 million to raise its stake in Cigatam, Mexico's second-biggest cigarette maker, to 50 percent from 29 percent.

"It's a market that everybody wants to get into — the country's in economic recovery, and the forecast of growth in the Mexican tobacco market is very good for the next 10 years," said Tim Young, an analyst with SGST Securities.

BAT said the acquisition of Cigarerra La Moderna from Empresas La Moderna SA would add $140 million to its trading profit in 1998 and have a neutral effect on earnings in the first full year.

"This acquisition offers us the rare opportunity to buy a sizable and very profitable player in a growth market," BAT's chief executive, Martin Broughton, said.

BAT's shares rose 14 pence in London to close at 531 ($8.91).

BAT said the acquisition price included $1 billion in cash, a loan note of $500 million and the assumption of about $212 million of debt. Under the deal, BAT would receive 50 percent of Cigarerra La Moderna's shares, and Cigarerra La Moderna would get an option to redeem the rest of its shares held by Empresas La Moderna.

The acquisition eliminates what had been a weak spot in BAT's dominant position in Latin America, where it accounts for about 60 percent of cigarette sales.

Cigarerra La Moderna makes more than 50 percent of the cigarettes sold annually in Mexico, the world's 15th-largest cigarette market. *(Bloomberg, Reuters)*

Greenspan and Profits Lift Shares to a Record

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks rallied to a record Tuesday after the chairman of the Federal Reserve Board, Alan Greenspan, suggested the central bank would not raise interest rates soon and after large consumer companies reported unexpectedly strong earnings.

Mr. Greenspan said the economy's performance had been "exceptional" and that it had more room to grow before inflation became a worry.

"He's given everybody all the more reason to buy," said Warren Simpson, a portfolio manager at Stephens Capital Management. "All those comments are bullish."

The Dow Jones industrial average rose 154.93 points to 8,061.65, passing its closing high of 8,038.88 set last Wednesday. Advancing issues outnumbered decliners by a 5-to-2 margin on the New York Stock Exchange.

The Standard & Poor's 500-stock Index rose 20.97 to 933.91. The Nasdaq Composite Index, which is dominated by computer companies, gained 27.64 to a record 1,563.87.

Bonds also rallied, with the benchmark 30-year Treasury bond priced at 102 26/32, up 1 22/32, that pushed the yield down to 6.41 percent from 6.54 percent.

Kevin McClintock of Dreyfus Corp. said Mr. Greenspan's comments were "a huge sigh of relief for the market."

"There's no reason 6.25 won't be the next stop" for the 30-year bond yield, Mr. McClintock said.

"Greenspan had every opportunity to say something unsettling to the market's psychology, and he chose not to do it," said Robert Stovall, president of Stovall/Twenty-First Advisers Inc.

Bank, brokerage and finance-company stocks paced the rally.

U.S. STOCKS

Chase Manhattan, Citicorp, Merrill Lynch, Travelers Group and J.P. Morgan advanced.

International Business Machines, which failed to impress the market with a mostly strong profit report late Monday, was down. Some analysts found IBM's 4 percent revenue growth disappointing. But other personal-computer stocks, which led the market to records last week, rallied. Dell Computer, Compaq and Gateway 2000 advanced.

Boeing led the gains after European Union sources said Boeing was ready to scrap exclusive agreements with three U.S. airlines to win EU approval of its purchase of McDonnell Douglas.

Better-than-expected earnings in the airline and rail industries pushed up Burlington Northern Santa Fe and UAL, the parent of United Airlines. Norfolk Southern rose after the company announced a 3-for-1 stock split. Lockheed Martin rose after the defense contractor posted a 3 percent earnings increase for the second quarter. *(Bloomberg, AP)*

CIBC to Buy Oppenheimer & Co.

Compiled by Our Staff From Dispatches

TORONTO — Canadian Imperial Bank of Commerce, Canada's second-biggest bank, said Tuesday its CIBC-Wood Gundy Inc. brokerage had agreed to buy the Wall Street brokerage Oppenheimer & Co. for $525 million.

The Canadian bank will pay $350 million for Oppenheimer at the closing of the transaction and an additional $175 million over as much as three years to retain important employees. Oppenheimer is owned by its senior managers.

The combined organization will be called CIBC Oppenheimer Corp. Michael Rulle, chairman and chief executive of CIBC Wood Gundy, will become chairman and chief executive of CIBC Oppenheimer and continue to head Wood Gundy's U.S. operations.

Stephen Robert, Oppenheimer chairman, and Nathan Gantcher, the president, who together own almost 40 percent, will become vice chairmen. The transaction, which is subject to regulatory approval, is expected to close by the end of the year.

Buying Oppenheimer provides CIBC with an investment banking unit that focuses on stock sales and merger advice for medium-sized companies. The New York-based securities firm also has 650 brokers serving wealthy individuals.

CIBC shares rose 90 cents to 38.80 Canadian dollars in late trading on the Toronto Stock Exchange. *(Reuters, Bloomberg)*

Very briefly:

Barrick Profit Falls on Low Sales

TORONTO (Bloomberg) — Barrick Gold Corp. said Tuesday that second-quarter profit fell 10 percent because of lower production and sales.

Net income fell to $62 million, or 16 cents a share, from $69 million, or 19 cents a share, a year earlier. Revenue declined 4 percent, to $312 million.

"Barrick's disciplined financial policies place the company in a unique position despite a significant decline in gold prices," said John Carrington, the company's president.

Barrick, which is surpassed only by Anglo American Corp. of South Africa in gold production, said second-quarter gold production fell 7 percent to 731,360 ounces, and the amount of gold sold declined 5 percent to 742,244 ounces.

TWA to Cut 4% of Work Force

ST. LOUIS (Bloomberg) — Trans World Airlines Inc. said Tuesday it would cut about 1,000 jobs by December, or about 4 percent of its work force, because newer aircraft would not require as many mechanics and people supporting operations.

The airline will soon be getting the first of 20 new Boeing Co. 757 jetliners, 15 new McDonnell Douglas MD-80s, at least one Boeing 767-300 and a dozen or more used aircraft.

- **Wal-Mart Stores Inc.** will close 48 Bud's Discount City stores, resulting in a second-quarter pretax charge of $40 million to $50 million.
- **Pennzoil Co.** again rejected **Union Pacific Resources Group Inc.**'s hostile $6.4 billion bid, saying the two-tier cash and stock deal was aimed at coercing stockholders. The latest snub came after 65.1 percent of Pennzoil's shareholders backed part of the $84-a-share cash and stock offer.
- **Reynolds & Reynolds Co.** plans to take charges of as much as $25 million in its fourth quarter, ending in September, to close factories and distribution centers as it seeks to cut costs.

(AP, Bloomberg, Reuters)

GREENSPAN: *Markets Rise After Fed Chief Gives a Rosy Outlook for Growth and Low Inflation*

Continued from Page 1

Greenspan's December alarm.

Stock and bond prices were modestly higher before the Tuesday testimony, but the dollar was already posting strong gains. It extended its rally against the main Continental currencies as the outlook for a strong common currency faded. Although dealers were naturally reluctant to take positions before Mr. Greenspan spoke, fears of a weak Euro outweighed worries about potential Fed actions, analysts said.

"One has the sense that Europe is going to have a soft Euro, and they keep fudging the numbers, and people don't really believe in that keep hedging back into dollars," said David Ethridge, a currency analyst with MMS International.

Trading in the Deutsche mark was especially active, Market News reported, with investors abandoning the currency in favor of the yen, the British pound and the dollar. The dollar rose to 1.8245 DM from 1.7963 DM late Monday.

It also rose to 6.1420 French francs from 6.0565 francs and to 1.4830 Swiss francs from 1.4750 francs. The pound rose to $1.6805 from $1.6787. The dollar slipped, however, to 114.95 yen from 116.15 yen.

Mr. Greenspan warned in his previous Humphrey-Hawkins testimony in February that the Fed would raise interest rates if it thought there were inflationary pressures in the economy, whether or not these had visibly translated into price increases. The central bank subsequently raised its target for short-term interest rates in March to 5.50 percent from 5.25 percent.

Since then, however, the economy has expanded without significantly pushing up prices for goods and services, puzzling many economists but delighting those investors who held onto their stocks and bonds. In the first quarter, the gross domestic product grew at a 4.1 percent annual rate, although its growth was projected to have slowed in the second quarter to a rate somewhere above 2 percent.

FOREIGN EXCHANGE

The Fed said it expected the economy to grow this year at 3 percent to 3.25 percent, up from the 2 percent to 2.5 percent range it predicted in February. The central bank said inflation this year would be below the 1996 level of 2.9 percent.

The unemployment rate, meanwhile, has fallen to 5.0 percent in June from 5.3 percent in December, yet companies are not engaging in ruinous bidding wars for good workers, and corporate profits have been strong in the second quarter.

Bruce Steinberg, chief economist of Merrill Lynch & Co., explained this situation by saying the U.S. economy had returned to "the paradigm of competitive capitalism."

According to Mr. Steinberg, deflation was more typical than inflation in the 19th and early 20th centuries. "It was only in the post-World War II era, characterized by oligopolistic market structures, intrusive states, and overly flexible monetary standards, that persistent inflation was entrenched."

But because of "globalization, rapid technological change and deregulation," Mr. Steinberg says in an advisory to Merrill's clients, companies cannot now raise prices, so in order to increase their profitability, they must cut costs and raise their efficiency. U.S. companies apparently have been able to do this in recent years.

An implication of this theory is that current U.S. interest rates are too high, given the lack of inflation. Indeed, American rates are higher than those in most other major economies with the exception of Britain.

The high level of interest rates, coupled with worldwide demand for American stocks and bonds, makes the dollar an attractive currency for international investors, especially with the economies of the Continental powers being slow and the likelihood that a common European currency would be weak.

AMEX

Tuesday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7938.41	8068.61	7905.33	8061.65	+154.93
Trans	2845.64	2898.85	2827.16	2893.51	+66.18
Util	230.11	232.52	229.91	232.38	+2.47
Comp	2443.14	2483.16	2433.93	2481.48	+47.31

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	1081.45	1071.29	1078.04	1103.26
Transp.	654.21	646.54	648.40	666.93
Utilities	197.83	196.31	196.91	199.59
Finance	103.25	102.13	102.97	105.30
SP 500	915.38	907.12	912.94	933.91
SP 100	895.86	888.18	894.13	914.60

NYSE

	High	Low	Last	Chg.
Composite	484.11	474.47	483.89	+9.39
Industrials	615.83	603.46	615.38	+11.86
Transp.	436.93	425.77	436.80	+11.03
Utility	289.04	283.88	287.04	+5.96
Finance	442.17	433.70	441.99	+8.26

Nasdaq

	High	Low	Last	Chg.
Composite	1564.91	1538.55	1563.88	+27.65
Industrials	1234.58	1222.03	1234.57	+13.45
Banks	1671.02	1659.68	1665.49	+6.85
Insurance	1689.42	1676.14	1676.16	-5.10
Finance	1993.03	1980.94	1993.03	+12.15
Transp.	990.64	981.49	989.74	+9.79

AMEX

	High	Low	Last	Chg.
	634.28	630.30	634.18	+3.78

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	104.13	104.16
10 Utilities	101.58	101.72
10 Industrials	106.67	106.59

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
PhilMor s	95794	42 9/16	41 1/4	42 5/16	+2 1/16
IBM s	90666	103 1/2	99 3/4	103	-1/4
PepsiCo	75675	38 1/4	37 1/4	38 1/8	+2 1/2
AT&T s	69182	36	34 3/4	35 7/8	+1 7/8
Boeing s	68681	56 5/16	53 3/4	56 1/4	+1 5/8
Chrysler	57536	36	34 1/4	35 7/8	+1 1/4
ColHCA s	56778	33 1/8	31 5/8	33 1/4	+1/2
KimbClk s	55977	49 1/2	47 1/4	49 1/4	+1 7/8
TelBrasil	51360	142 9/16	135 3/8	142 3/4	+11 1/4
Motorola	49560	80 3/4	79 1/2	80 3/4	+1 1/8
GenElec s	45872	71 1/2	70 1/4	71 1/2	+1 1/8
WalMart	45360	36 1/4	35 1/4	36 1/8	+3/4
BayNtwk	45236	29 1/2	28 1/4	29 1/4	+1 1/4
Pfizer s	44843	62 1/4	59 3/4	60 9/16	+2 1/4
EKodak	44561	69 1/4	67 1/4	68 3/4	+1 1/4

Nasdaq

	Vol.	High	Low	Last	Chg.
Informix	163687	11 1/4	10	10 15/16	+1 1/16
Intel s	154987	88 5/8	85 9/16	88 1/4	+3 1/4
Microsft s	122272	144 1/4	136 3/4	144 1/2	+8 1/4
McAfee	73994	72 1/4	67	69 1/2	-7 1/4
DellCpt s	78538	160 1/2	153	160 3/8	+7 1/8
MCI	66027	34 1/4	33 1/2	34 1/4	+3/8
Ascend	60934	52 1/4	49 1/2	52 1/16	+2 1/16
SunMic s	59563	46 1/4	45 1/4	46 1/8	+1/2
S3 Inc	58439	13 1/4	12	13 1/4	+1 1/8
3Com	52631	56 1/2	54 1/4	56 1/4	+1 1/2
Cisco	50341	79	77	78 1/2	+2 1/2
NTeam	50230	11 1/4	10	10 1/2	+1/2
PairgTch	50123	17 1/2	17	17 1/4	+1/2
Quantum s	47665	27 1/4	25 1/2	26 1/4	+1/2
WorldCm	44946	33 1/4	32 1/4	32 1/2	-1/4

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	41480	93 1/4	91 1/4	93 5/16	+2 1/16
Nabors	19982	30 1/4	29	30	—
Hanven	13721	5 1/4	5 1/8	5 1/4	—
JTS Corp	13307	9/16	1/2	1/2	-1/16
TWA	9631	6 1/4	6 1/16	6 1/8	+1/8
CdnOccl g	8767	25 1/2	25 1/2	25 1/2	-1/8
RobertsPh	7449	10 1/4	9 3/4	10 1/4	+1/4
ViaaG g	6553	1/2	1/4	1/2	—
PegGld	6306	5 1/2	4 3/4	4 3/4	-1/4
ViacB	6229	29 1/2	28	29	+1/4

Trading Activity

NYSE

	Close	Prev.
Advanced	2091	955
Declined	847	1935
Unchanged	503	523
Total issues	3441	3413
New Highs	349	117
New Lows	17	18

Nasdaq

	Noon	Prev.
Advanced	1777	1822
Declined	1573	2296
Unchanged	2184	1608
Total Issues	3534	5726
New Highs	134	183
New Lows	69	57

AMEX

	Close	Prev.
Advanced	316	233
Declined	267	355
Unchanged	165	155
Total issues	748	743
New Highs	31	32
New Lows	5	7

Market Sales

	Today 4:00	Prev. cons.
NYSE	586.62	558.99
Amex	27.68	31.09
Nasdaq	598.56	535.71

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Cross Timbers Roy	-	.1108	7-31	8-14
Vitro Soc Anon	b	.1145	7-25	—
STOCK SPLIT				
Firstbank Illinois 3 for 2 split.				
Red Brick Syst 1 pf share purchase right for each share of common held.				
Schwab Charles 3 for 2 split.				
TX Regional Bn A 3 for 2 split.				
INCREASED				
Glenway Fincl	Q	.20	7-31	8-15
IBS Fincl	Q	.10	8-27	9-16
Leviathan Gas	Q	.45	7-31	8-14
Oppenheimer Cap	Q	.95	7-31	8-29
Peoples Heritage	Q	.19	8-1	8-11
TR Fincl	Q	.15	8-15	9-2
Versa Tech	Q	.11	10-31	11-10
INITIAL				
FstBank Illinois n	-	.18	9-12	10-1
Fort Wayne Ntl n	-	.20	9-10	10-1
Tolland Bk n	-	.05	8-5	8-19
REGULAR				
Bk of Montreal g	Q	.40	8-7	8-28
Bryn Mawr	Q	.18	8-1	9-1
Corvustar Ind	Q	.14	9-15	10-7
Dime Fincl	Q	.10	7-31	8-15
Freeport McRes	-	.33	7-31	8-15
Guilford Mills	Q	.11	7-31	8-13
Hancock PatPrDv	M	.075	7-28	8-15
Helix Tech	Q	.35	8-1	8-15
Knight-Ridder	Q	.20	8-6	8-18
MAPCO Inc	Q	.15	8-15	9-12
Michigan Fin	Q	.20	8-5	8-20
MidAm Energy	Q	.30	8-8	9-1
MorgnStn DW ad	-	.737	7-31	8-30
Natl Security	Q	.17	8-4	8-29
Ohio Valley BkCp	Q	.20	7-28	8-10
Omega Hlthcare	Q	.645	8-4	8-15
PG&E Corp	Q	.30	9-15	10-15
Peoples Fincl	-	.125	8-5	8-20
Raychem Corp	Q	.14	8-13	9-10
Security Cap Ind	Q	.2675	8-5	8-19
Skyline Corp	Q	.15	9-12	10-1
Student Ln Mktg	Q	.44	9-5	9-19
Student Ln adjpf A	Q	.625	9-16	9-30
Sunstone Hotel	Q	.25	7-31	8-15
TCF Fincl	Q	.25	8-8	8-29
TCW Cv Secur	Q	.21	9-30	10-10
US Trust	Q	.15	10-10	10-24
VF Corp	Q	.38	9-9	9-19
Value Line	Q	.25	7-28	8-13
Versa Tech	Q	.10	7-31	8-11
Webster City	Q	.20	8-4	8-20

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

July 22, 1997

Grains

	High	Low	Latest	Chge	Opint
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	271	264	271	+7¼	2,862
Sep 97	249½	244¾	247½	+2¼	44,028
Dec 97	249½	245	248½	+1¾	147,991
Mar 98	257¼	254	256¼	+1¾	28,575
May 98	262	259	261¼	+1¾	5,923
Jul 98	265	262¼	264¼	+1¾	9,152
Sep 98	258	256½	256½	+¾	1,130
Est. sales N.A. Mon's. sales 65,182					
Mon's open int 263,998 up 4327					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Jul 97	278.50	271.00	277.50	+2.50	7,237
Aug 97	248.70	241.80	245.70	+0.10	25,470
Sep 97	223.00	218.80	221.30	+1.30	17,261
Oct 97	202.50	199.80	202.52	+1.70	14,366
Dec 97	196.50	192.00	195.70	+2.00	39,322
Jan 98	194.50	191.00	193.50	+1.50	5,641
Est. sales N.A. Mon's. sales 23,980					
Mon's open int 116,161 off 1626					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Jul 97	21.85	21.68	21.68	-0.10	180
Aug 97	21.87	21.64	21.69	-0.15	14,467
Sep 97	22.05	21.80	21.83	-0.16	17,642
Oct 97	22.10	21.88	21.90	-0.20	14,633
Dec 97	22.40	22.05	22.11	-0.18	42,008
Jan 98	22.40	22.20	22.20	-0.17	5,856
Est. sales N.A. Mon's. sales 13,210					
Mon's open int 104,420 up 626					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	779½	757	778½	+1	992
Aug 97	744½	730	735¼	-3¾	26,240
Sep 97	651½	638	644¾	-¼	13,779
Nov 97	604	593½	601	+4	73,409
Jan 98	607	598	602½	+2	15,805
Est. sales N.A. Mon's. sales 42,557					
Mon's open int 140,756 up 77					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	342	338	342	+9½	100
Sep 97	353	345½	349¾	+9½	42,075
Dec 97	365½	354¼	363¼	+9½	38,665
Mar 98	374¼	368	374	+9½	7,979
Est. sales N.A. Mon's. sales 23,887					
Mon's open int 94,766 up 2046					

Livestock

	High	Low	Latest	Chge	Opint
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Aug 97	66.20	65.67	65.77	-0.27	30,721
Oct 97	69.25	68.62	68.70	-0.55	36,563
Dec 97	72.10	71.05	71.10	-0.62	14,280
Feb 98	73.77	73.00	73.10	-0.55	9,014
Apr 98	75.52	74.87	74.95	-0.50	3,529
Jun 98	72.12	71.50	71.50	-0.55	2,611
Est. sales 14,240 Mon's. sales 13,282					
Mon's open int 98,922 up 2153					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Aug 97	82.67	82.05	82.07	-0.47	10,526
Sep 97	82.40	81.65	81.90	-0.77	3,168
Oct 97	82.50	81.80	81.98	-0.72	4,836
Nov 97	84.00	83.32	83.35	-0.72	3,377
Jan 98	84.30	83.55	83.57	-0.92	1,745
Mar 98	84.20	83.25	83.25	-0.95	839
Est. sales 2,697 Mon's. sales 3,868					
Mon's open int 24,621 up 241					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Aug 97	81.25	80.38	80.35	-1.00	12,534
Oct 97	73.70	72.30	72.45	-1.37	12,279
Dec 97	70.00	69.25	69.30	-1.00	5,433
Feb 98	68.80	67.55	67.70	-1.10	1,940
Apr 98	64.10	63.20	63.25	-0.97	1,302
Est. sales 8,606 Mon's. sales 5,302					
Mon's open int 34,929 off 8					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Jul 97	86.20	84.50	85.80	+0.30	380
Aug 97	84.35	82.50	83.27	+0.05	4,310
Feb 98	71.10	69.90	70.37	+0.27	1,142
Est. sales 2,023 Mon's. sales 2,445					
Mon's open int 5,870 up 169					

Food

	High	Low	Latest	Chge	Opint
COCOA (NCSE) 10 metric tons- $ per ton					
Sep 97	1507	1486	1502	-2	28,625
Dec 97	1552	1535	1549	-3	23,448
Mar 98	1587	1573	1585	-5	23,034
May 98	1605	1603	1605	-5	10,147
Jul 98	1624	1618	1623	-5	1,222
Sep 98	1643	1640	1643	-5	3,706
Est. sales 9,033 Mon's. sales 10,215					
Mon's open int 100,804 off 361					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Sep 97	170.50	158.00	169.10	+10.25	11,518
Dec 97	152.00	145.50	151.75	+5.80	5,822
Mar 98	141.00	136.00	140.80	+3.50	2,994
May 98	137.00	132.00	135.25	+3.25	854
Jul 98	132.65	129.00	132.65	+3.90	480
Est. sales 7,482 Mon's. sales 5,939					
Mon's open int 21,973 up 73					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Oct 97	11.65	11.31	11.59	+0.33	92,107
Mar 98	11.82	11.52	11.77	+0.27	48,409
May 98	11.67	11.44	11.64	+0.25	10,948
Jul 98	11.56	11.37	11.55	+0.21	5,421
Est. sales 58,565 Mon's. sales 13,428					
Mon's open int 161,087 up 3457					

	High	Low	Latest	Chge	Opint
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Sep 97	75.40	73.50	73.95	-1.05	19,381
Nov 97	77.70	76.25	76.30	-1.20	7,113
Jan 98	80.60	79.50	79.50	-0.90	2,910
Mar 98	84.00	82.30	82.30	-1.00	2,034
Est. sales N.A. Mon's. sales 1,258					
Mon's open int 31,913 up 88					

Metals

	High	Low	Latest	Chge	Opint
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Jul 97			325.30	-0.20	1
Aug 97	330.20	325.40	326.00	-0.20	87,703
Sep 97	326.80	321.70	326.70	-0.10	2
Oct 97	331.80	327.00	327.70	-0.10	11,335
Dec 97	333.50	328.80	329.40	-0.30	49,145
Feb 98	336.20	331.60	331.60	-0.30	18,272
Apr 98	334.10	333.80	333.80	-0.30	5,773
Jun 98	339.70	336.30	336.30	-0.30	7,370
Aug 98			338.80	-0.30	2,419
Est. sales N.A. Mon's. sales 47,602					
Mon's open int 212,496 off 1402					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Jul 97	109.90	108.50	109.90	-1.00	4,144
Aug 97	108.20	106.30	107.35	-1.70	3,528
Sep 97	108.10	105.85	106.85	-1.70	21,569
Oct 97	106.80	105.40	105.65	-1.40	7,484
Nov 97	105.80	105.00	105.30	-1.65	1,231
Dec 97	105.00	103.30	104.25	-1.40	7,701
Jan 98			103.45	-1.40	745
Feb 98	102.70	102.50	102.70	-1.40	633
Mar 98	102.60	101.70	101.95	-1.40	2,463
Est. sales N.A. Mon's. sales 5,753					
Mon's open int 47,906 off 411					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Jul 97	431.50	427.50	427.50	+4.50	148
Aug 97			427.60	+4.50	
Sep 97	436.00	425.50	430.30	+4.50	61,813
Dec 97	442.00	432.50	436.50	+4.50	15,838
Jan 98			438.20	+4.50	20
Mar 98	447.00	441.00	442.60	+4.50	9,442
May 98			446.40	+4.50	2,876
Jul 98	454.00	450.20	450.20	+4.50	2,052
Est. sales N.A. Mon's. sales 5,381					
Mon's open int 96,836 up 499					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 97	422.00	418.00	421.30	+7.20	335
Oct 97	411.00	397.50	409.70	+9.70	9,828
Jan 98	401.50	396.00	401.20	+6.70	1,870
Est. sales N.A. Mon's. sales 664					
Mon's open int 12,786 up 35					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1588.00	1589.00	1585.00	1586.00
Forward	1609½	1610.00	1610.00	1611.00
Copper Cathodes (High Grade)				
Spot	2395.00	2398.00	2470.00	2473.00
Forward	2300.00	2301.00	2327.00	2328.00
Lead				
Spot	630.00	631.00	642.00	643.00
Forward	640.00	641.00	651.00	652.00
Nickel				
Spot	6650.00	6660.00	6685.00	6695.00
Forward	6765.00	6770.00	6800.00	6805.00
Tin				
Spot	5325.00	5335.00	5375.00	5385.00
Forward	5380.00	5390.00	5425.00	5435.00
Zinc (Special High Grade)				
Spot	1531.00	1532.00	1523.00	1524.00
Forward	1531.00	1532.00	1532½	1533.00

Financial

	High	Low	Close	Chge	Opint
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Sep 97	94.91	94.87	94.90	+0.03	7,838
Dec 97	94.75	94.75	94.80	+0.05	639
Mar 98			94.73	+0.07	36
Est. sales N.A. Mon's. sales 2,419					
Mon's open int 8,513 off 18					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Sep 97	107-24	106-56	107-23	+28	226,915
Dec 97	107-07	106-47	107-07	+28	2,573
Mar 98			-01		
Est. sales 38,000 Mon's. sales 13,524					
Mon's open int 229,488 off 1444					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 97	110-04	109-12	110-03	+21	351,703
Dec 97	109-27	109-07	109-25	+21	11,711
Mar 98			109-17	+21	228
Est. sales 74,007 Mon's. sales 23,051					
Mon's open int 363,642 up 1353					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep 97	115-09	113-30	115-08	+1 08	476,285
Dec 97	114-30	113-19	114-28	+1 08	35,141
Mar 98	114-19	113-21	114-19	+1 08	16,257
Jun 98			114-08	+1 08	661
Est. sales 340,000 Mon's. sales 166,326					
Mon's open int 529,451 off 11496					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Aug 97	94.36	94.32	94.36	+0.03	23,435
Sep 97	94.35	94.31	94.35	+0.02	10,398
Oct 97	94.32	94.28	94.32	+0.03	3,784
Est. sales N.A. Mon's. sales 3,358					
Mon's open int 40,826 off 691					

	High	Low	Latest	Chge	Opint
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Sep 97	130.84	130.40	130.70	+0.48	202,750
Dec 97	99.50	99.20	99.46	+0.44	5,299
Est. sales: 121,706.					
Open Int.: 208,049 off 5,434.					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Aug 97	94.28	94.24	94.28	+0.03	23,827
Sep 97	94.26	94.22	94.26	+0.03	527,986
Oct 97	94.19	94.14	94.19	+0.04	2,422
Dec 97	94.15	94.08	94.11	+0.07	465,701
Mar 98	94.12	93.95	94.08	+0.11	334,867
Jun 98	94.01	93.86	93.99	+0.11	261,149
Sep 98	93.91	93.78	93.90	+0.11	210,888
Dec 98	93.80	93.67	93.79	+0.11	156,148
Mar 99	93.78	93.67	93.77	+0.11	122,419
Jun 99	93.74	93.63	93.73	+0.11	93,626
Sep 99	93.70	93.60	93.70	+0.11	77,215
Dec 99	93.63	93.53	93.63	+0.11	69,265
Est. sales N.A. Mon's. sales 141,036					
Mon's open int 2,708,735 off 7266					

To Our Readers

Due to technical problems at the source, LIFFE was unavailable at press time.

	High	Low	Latest	Opint
BRITISH POUND (CMER) 62,500 pounds, $ per pound				
Sep 97	1.6794	1.6686	1.6758	61,535
Dec 97	1.6690	1.6670	1.6700	879
Mar 98	1.6670	1.6670	1.6640	198
Est. sales N.A. Mon's. sales 3,426				
Mon's open int 62,612 off 589				
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr				
Sep 97	.7290	.7255	.7286	39,779
Dec 97	.7325	.7289	.7319	2,751
Mar 98	.7333	.7315	.7346	575
Est. sales N.A. Mon's. sales 3,942				
Mon's open int 43,314 up 626				
GERMAN MARK (CMER) 125,000 marks, $ per mark				
Sep 97	.5590	.5508	.5502	114,557
Dec 97	.5576	.5534	.5537	1,219
Mar 98	.5596	.5571	.5571	513
Est. sales N.A. Mon's. sales 12,966				
Mon's open int 116,393 up 6702				
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen				
Sep 97	.8750	.8650	.8741	56,267
Dec 97	.8862	.8836	.8853	1,706
Mar 98	.8967	.8885	.8967	222
Est. sales N.A. Mon's. sales 8,441				
Mon's open int 58,195 off 544				
SWISS FRANC (CMER) 125,000 francs, $ per franc				
Sep 97	.6833	.6768	.6788	53,802
Dec 97	.6866	.6840	.6858	1,392
Mar 98			.6931	953
Est. sales N.A. Mon's. sales 7,647				
Mon's open int 55,447 up 981				
MEXICAN PESO (CMER) 500,000 pesos, $ per peso				
Sep 97	.12500	.12400	.12495	17,831
Dec 97	.12062	.11990	.12062	11,973
Mar 98	.11685	.11630	.11685	4,251
Est. sales N.A. Mon's. sales 3,338				
Mon's open int 35,868 off 15				

	High	Low	Latest	Chge	Opint
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Sep 97	96.57	96.54	96.56	+0.06	71,108
Dec 97	96.50	96.47	96.50	+0.05	34,343
Mar 98	96.44	96.40	96.43	+0.05	27,184
Jun 98	96.35	96.32	96.34	+0.04	26,816
Sep 98	96.24	96.21	96.23	+0.03	34,097
Dec 98	96.06	96.02	96.05	+0.03	23,580
Mar 99	95.86	95.83	95.86	+0.03	15,707
Jun 99	95.69	95.65	95.69	+0.04	8,910
Sep 99	95.51	95.50	95.51	+0.03	5,990
Est. sales: 70,860.					
Open Int.: 259,095 up 120.					

Industrials

	High	Low	Latest	Chge	Opint
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Oct 97	75.10	74.50	74.58		11,595
Dec 97	75.15	74.45	74.58		43,453
Mar 98	76.37	75.80	75.85		9,453
May 98	76.80	76.50	76.50		2,536
Jul 98	77.30	76.95	76.95		1,497
Est. sales N.A. Mon's. sales 4,240					
Mon's open int 74,477 off 1066					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Aug 97	53.10	52.15	52.70	+0.35	26,228
Sep 97	53.80	52.70	53.28	+0.39	31,240
Oct 97	54.25	43.93	53.93	+0.34	23,868
Nov 97	55.10	54.49	54.78	+0.29	16,886
Dec 97	56.00	55.30	55.58	+0.24	17,181
Jan 98	56.40	56.00	56.08	+0.14	14,803
Feb 98	56.75	56.33	56.33	+0.09	7,208
Mar 98	56.10	55.53	55.53	+0.04	6,961
Apr 98	54.80	54.23	54.23	-0.01	3,011
Est. sales N.A. Mon's. sales 25,677					
Mon's open int 154,371 up 11041					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Aug 97	19.29	18.99	19.09	-0.18	20,069
Sep 97	19.64	19.30	19.48	+0.06	86,195
Oct 97	19.98	19.49	19.55	+0.05	48,595
Nov 97	19.72	19.56	19.63	+0.07	24,325
Dec 97	19.72	19.58	19.64	+0.03	48,590
Jan 98	19.75	19.64	19.75	+0.10	25,503
Feb 98	19.75	19.67	19.75	+0.08	12,808
Mar 98	19.67	19.67	19.67	-0.02	5,755
Apr 98	19.64	19.64	19.64	-0.08	5,370
May 98	19.70	19.65	19.70	-0.05	7,875
Est. sales N.A. Mon's. sales 108,887					
Mon's open int 413,189 off 4459					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Aug 97	2.135	2.078	2.117		20,694
Sep 97	2.090	2.055	2.073		33,161
Oct 97	2.105	2.061	2.090		24,031
Nov 97	2.250	2.220	2.236		12,303
Dec 97	2.395	2.370	2.380		15,612
Jan 98	2.440	2.400	2.417		14,395
Feb 98	2.355	2.330	2.335		10,707
Mar 98	2.250	2.220	2.230		6,773
Apr 98	2.125	2.095	2.110		3,766
May 98	2.090	2.075	2.075		3,074
Est. sales N.A. Mon's. sales 51,969					
Mon's open int 205,234 up 4449					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Aug 97	60.65	59.70	60.02	-0.03	26,754
Sep 97	58.20	57.60	57.94	+0.32	26,435
Oct 97	56.40	55.90	56.31	+0.39	9,255
Nov 97	55.51	55.40	55.51	+0.44	4,397
Dec 97	55.30	55.00	55.15	+0.20	7,098
Jan 98	55.35	55.00	55.35	+0.48	5,979
Feb 98			55.75	+0.58	1,438
Mar 98			56.35	+0.58	2,278
Est. sales N.A. Mon's. sales 22,716					
Mon's open int 86,004 up 1037					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Aug 97	164.00	162.25	163.00	+2.25	18,484
Sep 97	165.75	164.00	164.75	+2.75	10,305
Oct 97	167.75	166.75	167.00	+0.50	8,071
Nov 97	169.25	168.50	168.75	+0.50	5,755
Dec 97	170.75	170.00	170.25	+0.50	10,477
Jan 98	171.25	171.00	171.00	+0.50	6,459
Feb 98	171.25	170.50	170.75	+0.50	4,141
Mar 98	170.00	169.50	169.25	+0.50	1,734
Est. sales: 11,419. Prev. sales: 9,116					
Prev. open int.: 70,062 off 818					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Sep 97	18.31	18.12	18.22	+0.13	80,835
Oct 97	18.34	18.20	18.29	+0.10	28,162
Nov97	18.42	18.33	18.41	+0.11	11,258
Dec97	18.53	18.43	18.51	+0.11	17,033
Jan98	N.T.	N.T.	18.53	+0.11	13,003
Feb98	18.50	18.48	18.52	+0.11	5,208
Mar98	18.45	18.45	18.49	+0.11	2,645
Est. sales: 19,211. Prev. sales: 18,645					
Prev. open int.: 165,999 up 983					

Stock Indexes

	High	Low	Latest	Chge	Opint
S&P COMP. INDEX (CMER) 500 x index					
Sep 97	942.35	916.80	941.75	+24.80	176,780
Dec 97	952.25	931.25	952.25	+24.65	5,484
Mar 98			937.60		1,917
Est. sales N.A. Mon's. sales 57,984					
Mon's open int 184,801 off 6653					
CAC 40 (MATIF) FF200 per index point					
Jul 97	2934.0	2895.0	2931.0	+46.0	26,646
Aug 97	2941.5	2904.5	2939.5	+46.5	4,911
Sep 97	2945.5	2912.5	2947.0	+46.0	21,495
Dec 97	N.T.	N.T.	2971.0	+46.0	971
Mar 98	N.T.	N.T.	2995.0	+45.0	8,817
Est. sales: 17,547.					
Open int.: 70,426 off 357.					

Commodity Indexes

	Close	Previous
Moody's	1,524.40	1,525.30
Reuters	1,884.40	1,887.30
D.J. Futures	147.19	146.59
CRB	235.09	233.61

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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مكتبة الأصل

ASIA/PACIFIC

Corporate Crises Hit South Korean Stocks

Fears Center on Ssangyong and Jinro

Reuters

SEOUL — South Korea's corporate crisis deepened Tuesday as Kia Group received emergency loans pending a formal rescue plan and rumors hammered Ssangyong Group, the country's sixth-largest conglomerate.

Share prices fell on fears that the chain of corporate collapses would grow, analysts said.

Fueling the sense of crisis was news that creditors of the troubled Jinro Group would not extend its bailout benefits beyond Sunday's expiration date, even though the conglomerate's troubles were far from over.

South Korean banks in April formed a committee to help keep afloat certain companies facing heavy debts. Under the banks' bailout agreement, credit lines of companies designated for rescue would remain open even after they defaulted on debt payments.

The first beneficiary of the agreement was Jinro, the country's 19th-largest conglomerate, which has around 3.2 trillion won of debt.

But creditor banks said Tuesday they would not extend the bailout period for Jinro beyond Sunday. Instead, they plan to suggest extending its period of principal payments and reducing its interest payments, a bank executive said.

Analysts said the move would lead to a default by Jinro because financial institutions would call in their loan payments.

The Korean Composite Stock Index closed 2 percent lower, down 14.95 points at 725.98. All 10 listed Ssangyong Group shares declined.

Kia Group said it would cut the number of its domestic affiliates to 13 by merging and selling units and would raise 3.1 trillion won ($3.46 billion) by selling real estate to try to rescue itself.

Creditor banks agreed Tuesday to extend 160 billion won in emergency loans to Kia to keep it in business until a committee of banks could formally adopt a rescue plan, Korea First Bank said.

As a condition for additional loans to Kia, creditors would ask the company's current management to relinquish its management rights. They also said Kia should carry out a more drastic downsizing program and sell the unprofitable Asia Motors Co., which makes buses and trucks.

Analysts said Kia's self-rescue package to slim down and sell assets amounted to a temporary bandage.

"Kia has the wrong management," Rhee Namuh, head of research at Dongbang Peregrine, said. "Unless the management is changed, Kia's turnaround looks unlikely."

Kia's woes combined with rumors of cash-flow problems at Ssangyong also roiled currency markets, where nervousness about the companies sparked buying of dollars.

A Ssangyong spokesman denied that the group was in trouble.

"That's just a vicious, groundless rumor that is going around," he said.

Profits Dwindle As Thai Banks Suffer Slump

Compiled by Our Staff From Dispatches

BANGKOK — Three big Thai banks saw their first-half profits drop sharply as they were hit by slowing economic growth, tight liquidity, deteriorating asset quality and a property slump, analysts said Tuesday.

Bangkok Bank PLC, the nation's biggest bank, said first-half profits fell 16 percent, to 8.6 billion baht ($281.5 million) as loan growth slowed and provisions for bad loans doubled.

Siam Commercial Bank PLC said first-half earnings dropped 14 percent, to 3.7 billion baht, while Thai Farmers Bank PLC's profit fell 19 percent, to 5 billion baht. The effects of Thailand's July 2 currency devaluation will not be revealed until banks report second-half numbers.

Separately, Finance One PLC posted an unaudited loss of 5.23 billion baht, compared with a profit of 850.31 million last year. *(Reuters, Bloomberg)*

Malaysia's New Captain?

Bloomberg News

KUALA LUMPUR — The eldest son of Prime Minister Mahathir bin Mohamad has his work cut out for him.

The son, Mirzan Mahathir, wants to double the size of his maritime empire by buying part of Malaysia's largest shipping line, Malaysia International Shipping Corp., from the state — but that's the easy part. Then Mr. Mirzan, a former Salomon Inc. trader, will have to meet the expectations of investors, who are looking to him to cut costs and improve earnings at the lumbering shipping company.

"He means business," said Afwida Malek, who manages about 350 million ringgit ($136.8 million), including Malaysia International Shipping shares, at Commerce Asset Fund Managers Sdn. "There'll be more attention to the bottom line, whereas now it's run more like a public service." Other investors agree. Malaysia International Shipping's share price has gained 17 percent in the past month, amid talk that Mr. Mirzan wanted to buy into the shipping line.

Mirzan Mahathir seeks to double the size of his maritime empire.

Mr. Mirzan's transport empire has expanded at a rapid clip. He is chairman and top stockholder of Konsortium Perkapalan Bhd., Malaysia's largest road-freight company, which last year bought a 63 percent stake in Diperdana Corp., Malaysia's second-largest shipping company, for 1.1 billion ringgit.

"He's already the country's transport giant," Jenny Yeow, an analyst at Merrill Lynch & Co., said, and the shipping-company stake "will strengthen his position."

If Mr. Mirzan gains control of the shipper, he will also shoulder the burden of bolstering Malaysia's ports and shipping industry — keys to stemming the country's widening current-account deficit. He also will have to contend with critics who say he gets breaks denied to others because he is the prime minister's son.

Mr. Mirzan recently received the central bank's permission to negotiate for the purchase of a controlling stake in Malaysia International Shipping, and investors are awaiting the details, which may come this week.

People are watching to see whether "life will be made easy for Mirzan," said Bruce Gale, regional manager of Political & Economic Risk Consultancy Ltd., which advises foreign companies on investing in Southeast Asia. If Mr. Mirzan gets the stake on the cheap, he said, they will "start muttering about undue political influence." But in contrast to some other countries, including neighboring Indonesia where President Suharto's children control several large conglomerates, the children of Malaysia's leader have not sought control of a major company before now.

Malaysia International Shipping is the 10th-largest company listed on the benchmark Malaysian stock index. It had profit of 477.3 million ringgit last year on sales of 2.4 billion ringgit.

Diperdana said July 10 it had received central bank approval to negotiate the purchase of the government's remaining 29.35 percent stake in Malaysia International. The talks are continuing, company executives said.

In moving up from being Malaysia's second-largest shipping operator to the largest, Mr. Mirzan would add more than 60 ships to his banner.

The government has made no secret of its intention to improve the competitiveness of the country's shipping and port industries, which are losing customers to Singapore.

Hong Kong Moves to Bolster Currency

Agence France-Presse

HONG KONG — Turbulence on Southeast Asia's currency markets forced Hong Kong to try to shore up its currency's value to head off speculators, dealers said Tuesday.

The Monetary Authority, the territory's de facto central bank, intervened in the wake of currency plunges elsewhere in the region.

The authority is understood to have sold so-called exchange fund bills in the market, reducing the supply Hong Kong dollars in hope of strengthening the exchange rate.

The increased demand for U.S. dollars prompted the authority to push up interest rates on overnight bank borrowings denominated in Hong Kong dollars to try to make the local currency more attractive, against the American one, the Hong Kong Standard reported.

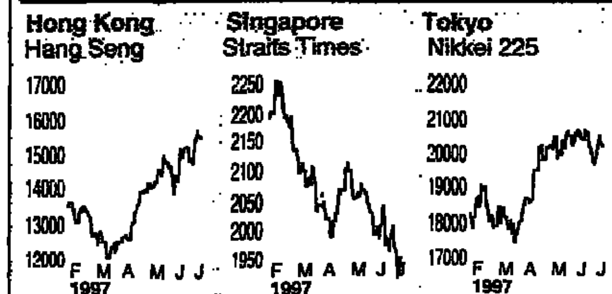
Andrew Fung, a spokesman for Commonwealth Bank of Australia, said he interpreted the authority's moves as a "preemptive strike" against speculators. A Monetary Authority official declined to comment.

Money market rates closed higher, with the interbank overnight interest rate at 6.375 percent, compared with 6.25 percent Monday.

Elsewhere in Asia, the Indonesian rupiah, which dropped 5.9 percent to a record low of 2,650 to the U.S. dollar Monday, ended stronger at 2,597 to the dollar Tuesday.

The Singapore dollar also ended slightly firmer, at 1.4610 to the U.S. dollar compared with 1.4634, but the Malaysian ringgit closed at 2.6202 to the dollar, weakened from 2.6165 to the dollar the day before. The Thai baht ended at 30.90 to the dollar and the Philippine peso at 28.15 to the dollar, slightly weaker than their closing levels the previous day.

Investor's Asia



Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	15,446.78	15,536.30	-0.58
Singapore	Straits Times	1,950.51	1,950.75	-0.01
Sydney	All Ordinaries	2,656.40	2,653.40	+0.11
Tokyo	Nikkei 225	20,157.02	20,249.32	-0.46
Kuala Lumpur	Composite	1,018.01	1,022.67	-0.46
Bangkok	SET	659.78	653.37	+0.98
Seoul	Composite Index	725.98	742.15	-2.18
Taipei	Stock Market Index	9,558.40	9,833.77	-2.88
Manila	PSE	2,656.73	2,648.34	+0.32
Jakarta	Composite Index	711.44	712.40	-0.13
Wellington	NZSE-40	2,453.82	2,459.28	-0.22
Bombay	Sensitive Index	4,186.29	4,154.28	+0.77

Source: Telekurs — International Herald Tribune

Very briefly:

- **China's** zinc producers could face huge trading losses after misreading the world market for the base metal, officials said. A publication issued by the official Xinhua news agency said several Chinese smelters had sold short as much as 250,000 tons of zinc that they did not own in the expectation that prices would fall, but prices have risen to a seven-year high.
- **Japan's** leading index of economic activity in May stood at 33.3 points, up from 5.6 points in April but still below the boom-or-bust line of 50 points for the fifth consecutive month. Economists cited the effects of the rise in the consumption tax in April.
- **Sanyo Electric Co.** will invest 15 billion yen ($129.14 million) to double production capacity of flash memory microchips to 8 million units a month. Meanwhile, **LG Semicon Co.**, the world's seventh-largest memory-chip manufacturer, will start mass production of a smaller version of its benchmark chip this month to cut costs.
- **Marubeni (Thailand) Co.** postponed about 10 joint-venture projects in the country because of an increasing inability of Thai companies to pay their bills. *Reuters, Bloomberg, AFP*

Toyota to Invest More in Car Navigation Systems

Bloomberg News

TOKYO — Toyota Motor Corp. is stepping up its investment in technologies that will tell travelers where to find the nearest gas station, avoid traffic jams and eventually program cars to drive themselves.

Japan's largest automaker will establish a company, Toyota Media Station Inc., to transmit weather forecasts and other information to vehicles equipped with the company's navigation system, Hiroshi Okuda, Toyota's president, said.

Toyota will take a 52.75 percent stake in the company, which will have a capitalization of 2 billion yen ($17.2 million). Keith Truelove, a spokesman for Toyota, said future growth in the auto industry would be in providing "value-added services."

An analyst at Deutsche Morgan Grenfell said last month he expected 3.5 million cars to be equipped with navigation systems by 2000.

WORLD STOCK MARKETS

Tuesday, July 22
Prices in local currencies.
Telekurs

Amsterdam — AEX index: 960.62 Previous: 931.34

	High	Low	Close	Prev.
ABN-AMRO	48.30	45.30	48.30	44.90
Aegon	156.40	151.30	155	149.70
Ahold	62.20	60.40	61.90	60.00
Akzo Nobel	287.90	285	285.70	282.50
Baan Co.	159.90	152	156.50	151
Bols Wess cva	41.50	40.60	41.30	40.50
CSM cva	100	99.20	99	100.30
Dordtsche Pet	114.50	111.10	113.00	109.50
DSM	233	227	229.40	224.50
Elsevier	37.40	36	37.40	35.80
Fortis Amev	96.20	92.10	94.90	91.50
Getronics	72.30	69.70	71.60	69.90
G-Broc cva	73.30	71	72.70	70.70
Hagemeyer	114.80	110.50	114.40	110.60
Heineken	320	315	319	315.20
Hoogovens cva	118.90	117.50	118.60	117
Hunt Douglas	N.T.	N.T.	N.T.	93.50
ING Group	102.80	99.20	102.20	98.70
KLM	71	69.60	70.20	70
KNP BT	46.30	44.40	45.70	44.30
KPN	84.50	83.20	83.80	83.20
Nedlloyd Gp	67.20	66.10	66.80	65.90
Nutricia	337	333.40	334.60	333.60
Oce Grinten	259.50	250.60	258	251
Philips Elec	153	147.50	152.70	148
Polygram	106.10	99.50	101.90	101
Randstad Hdg	221.50	219	221.50	221
Robeco	197.90	197.20	197.90	195.50
Rodamco	66.90	66.20	66.50	66.80
Rolinco	198	197.20	198	198.40
Rorento	117.60	117.20	117.50	116.60
Unilever cva	437.50	432.50	436.20	430.40
Vendex Intl	111.90	109	111.90	110.90
VNU	46.30	45.10	45.60	45.50
Wolters Kl cva	281.90	274.60	280	274

Bangkok — SET index: 659.78 Previous: 653.37

	High	Low	Close	Prev.
Adv Info Svc	238	218	226	242
Bangkok Bk F	244	230	238	242
Krung Thai Bk	36	34	35.75	35
PTT Explor	408	406	406	408
Siam Cement F	570	556	570	570
Siam Com Bk F	135	124	133	126
Telecomasia	43.50	40.25	42.25	42
Thai Airways	55.50	49.50	55.50	55
Thai Farm Bk F	147	140	145	147
Utd Comm	120	114	119	117

Bombay — Sensex 30 index: 4186.29 Previous: 4154.28

	High	Low	Close	Prev.
Bajaj Auto	929.50	909.25	922.75	922.25
Hindust Lever	1357	1313	1335.75	1315.50
Hindust Petm	489	482.50	488	482.50
Ind Dev Bk	96	94	96	95
ITC	509	504	508.50	504.25
Mahanagar Tel	272.50	264	267.50	270.50
Reliance Ind	349.50	346	346.75	347
State Bk India	329	323.50	327.25	327.75
Steel Authority	24.25	24	24	24
Tata Eng Loco	402.50	393.25	400.75	396

Brussels — BEL-20 index: 2539.52 Previous: 2494.03

	High	Low	Close	Prev.
Almanij	16450	15800	16100	16200
Barco Ind	7980	7850	7960	7940
BBL	9700	9530	9660	9500
CBR	3250	3150	3220	3165
Colruyt	19200	19100	19150	19175
Delhaize Lion	1975	1950	1975	1975
Electrabel	7820	7720	7780	7750
Electrafina	3650	3505	3565	3670
Fortis AG	8060	7960	8040	8060
Gevaert	3305	3260	3305	3290
GBL	6010	5900	5990	6000
Gen Banque	14850	14725	14825	14800
Kredietbank	15600	15000	15400	15075
Petrofina	14550	14175	14550	14250
Powerfin	5030	4985	5030	4990
Royale Belge	11225	11050	11100	11000
Soc Gen Belg	3575	3455	3575	3475
Solvay	22175	21975	22100	22050
Tractebel	15175	15000	15175	15000
UCB	142800	137000	142800	139800

Copenhagen — Stock index: 644.04 Previous: 641.10

	High	Low	Close	Prev.
BG Bank	389	376	387	372
Carlsberg B	375	367	367	369
Codan Fors	971	968.06	970	960
Danisco	403	387	393	389
Den Danske Bk	770	757	766.37	754
D/S Svendborg B	420000	420000	420000	405000
D/S 1912 B	292000	287000	290500	284000
FLS Ind B	250	240	248.38	250
Kob Lufthavne	771	754	755	761.90
Nvo Nordisk B	797	785	793	790
Sophus Ber B	974	961	970	965
Tele Danmk B	395	388	393	390
Tryg Baltica	409	400	405	400
Unidanmark A	425.10	418	422	418

Frankfurt — DAX: 4238.42 Previous: 4182.48

	High	Low	Close	Prev.
AMB B	1855	1820	1855	1855
Adidas	220	217	218.50	218.50
Allianz Hdg	458	440	455.50	419.50
Altana	178	176.20	178	174.50
Bk Berlin	40.55	39.80	40.20	39.20
BASF	69.40	68.40	68.60	68
Bayer Hypo Bk	73.75	71	73.45	66.70
Bay.Vereinsbank	95.70	89.50	95.60	85.70
Bayer	74.20	73.30	73.50	72.50
Beiersdorf	89	87.50	87.60	85.70
Bewag	38.20	37.90	37.90	38
BMW	1470	1455	1462	1451
CKAG Colonia	189	187	188	180
Commerzbank	64.80	60.50	63	56.10
Daimler Benz	147.70	145.60	146.20	147.75
Degussa	93	91.50	91.50	91
Deutsche Bank	118	113.20	116.65	108.70
Deut Telekom	43.10	42.65	42.80	42.95
Dresdner Bank	85.50	81.90	83.60	77.80
Fresenius	363	358	363	358.50
Fresenius Med	154	152.90	152.90	150.20
Fried. Krupp	319	315	318	317
Gehe	119.80	117.60	117.60	118
Heidelbg Zmt	163	161	162	160
Henkel pfd	100.50	98.80	100.50	97.50
HEW	451	451	451	451
Hochtief	80.50	80	80.50	80.10
Hoechst	82.30	80.80	82.10	80.50
Karstadt	691.50	678	682.50	675
Lahmeyer	86	82	86	85
Linde	1300	1283	1283	1272
Lufthansa	34.55	33.90	34.05	32.40
MAN	537.50	528	529	538
Mannesmann	805	790	793	782
Metallgesellschaft	38.10	37.50	37.50	37.30
Metro	221	212.50	220	209
Munch Rueck R	6730	6540	6680	6530
Preussag	549.50	544	548.50	541
RWE	74.40	74	74.20	74.40
SAP pfd	415	406.80	414.50	405.20
Schering	196.80	193.50	195	191.50
SGL Carbon	242.50	239	242.50	236.50
Siemens	116.45	115.30	115.70	113.60
Springer (Axel)	1675	1675	1675	1675
Suedzucker	915	906	906	904
Thyssen	414	410.50	410.50	409
Veba	101.35	99.30	99.65	99
VEW	585	570	585	580
Viag	788	771	776	783
Volkswagen	1408	1390	1395	1404

Helsinki — HEX General index: 3431.30 Previous: 3489.83

	High	Low	Close	Prev.
Enso A	48	47	48	47.90
Huhtamaki I	230	228	228	228
Kemira	51	50	51	50.40
Kesko	77	76	76.60	77
Merita A	22.30	20.80	22	20.80
Metra B	169.50	164	169.50	165
Metso-Serla B	44.60	42.50	44.50	42.60
Neste	136	133	136	134
Nokia A	427.50	415	423	425.50
Orion-Yhtymae	198	197	198	198
Outokumpu A	104	102.80	103.20	104
UPM Kymmene	132.50	130	131.60	130
Valmet	90	88.50	89.80	88.80

Hong Kong — Hang Seng: 15446.78 Previous: 15536.30

	High	Low	Close	Prev.
Amoy Props	8.20	8.05	8.10	8.15
Bk East Asia	33.30	32.40	32.50	32.90
Cathay Pacific	15.30	14.80	14.90	14.70
Cheung Kong	74.50	73	73.50	74.50
CK Infrastruct	25.80	25	25.15	25.50
China Light	44.40	43.90	44.20	44
Citic Pacific	46.60	45.90	46.10	46.40
Dao Heng Bk	47	45.30	45.50	47.20
First Pacific	9.30	9.10	9.15	9.25
Hang Lung Dev	14	13.90	13.95	13.95
Hang Seng Bk	117	113.50	114.50	115
Henderson Inv	8.40	8.15	8.35	8.40
Henderson Ld	66.75	66	66.50	66.50
HK China Gas	17	16.35	16.90	16.40
HK Electric	31.80	30.50	31.60	30.80
HK Telecomm	20.45	19.90	20	20.30
Hopewell Hdgs	4.98	4.70	4.78	4.88
HSBC Hdgs	262	258	258	262
Hutchison Wh	66.75	65.75	66.25	66.75
Hysan Dev	23.85	23.60	23.80	23.80
Johnson El Hdg	22.60	22.50	22.60	22.45
Kerry Props	18.40	18.35	18.40	18.40
New World Dev	48.20	47.20	48	47.40
Oriental Press	3.03	2.93	2.93	2.98
Pearl Oriental	1.42	1.27	1.32	1.17
SHK Props	88.50	87.75	88.25	88.50
Shun Tak Hdgs	4.65	4.58	4.60	4.63
Sino Land Co.	7.50	7.30	7.35	7.45
Sth China Post	7.90	7.60	7.70	8
Swire Pac A	68	66.25	66.50	67.50
Wharf Hdgs	31.90	31.40	31.60	31.40
Wheelock	17.75	17.55	17.60	17.65

Jakarta — Composite index: 711.44 Previous: 712.40

	High	Low	Close	Prev.
Astra Int'l	8100	8025	8050	8200
Bk Intl Indon	1825	1800	1800	1850
Bk Negara	1475	1450	1475	1450
Gudang Garm	9300	9200	9275	9250
Indocement	4350	4200	4300	4250
Indofood	5400	5350	5350	5400
Indosat	7475	7400	7400	7500
Sampoerna HM	9225	9025	9200	9050
Semen Gresik	4850	4825	4825	4850
Telekomunikasi	3925	3850	3875	3925

Johannesburg — All Market: 7430.18 Previous: 7431.93

	High	Low	Close	Prev.
Amalgamatd Bks	33.10	32.50	32.60	32.60
AngloAm Coal	260	259	260	260
AngloAm Corp	260	258	259	259
AngloAm Gold	251.50	249	255.50	255.50
AngloAm Ind	196.50	196	197	197
AVMIN	14.90	14.40	14.75	14.75
Barlow	55.50	54.75	55	55
C.G. Smith	25.50	25.25	25.20	25.50
De Beers	165.50	164.25	165	165
Driefontein	32.75	32.50	33.25	33.25
Fst Natl Bk	39.25	39	39.10	39.10
Gencor	19.75	19.10	19	19
GFSA	94	94	95	95
Imperial Hdgs	62.25	61.75	61.75	61.75
Ingwe Coal	23.50	23.05	23.15	23.15
Iscor	3.17	3.07	3.14	3.14
Johnnies Indl	65.50	65	65.50	65.50
Liberty Hdgs	392	385	393	393
Liberty Life	149.75	146.50	148.50	148.50
LibLife Strat	17.80	17.60	17.60	17.60
Minorco	97	96	97.25	97.25
Nampak	18.60	18.25	18.50	18.50
Nedcor	100.50	100	100.25	100.25
Rembrandt Gp	45.80	45.20	45.20	45.20
Richemont	71	70.25	70.50	70.50
Rust Platinum	75.50	74.75	75	75
SA Breweries	141	140	141	141
Samancor	43	42.75	43	43
Sasol	59.25	58.50	59	59
SBIC	221	218.25	218	218
Tiger Oats	77.50	76.50	76.75	76.75

Kuala Lumpur — Composite: 1018.01 Previous: 1022.67

	High	Low	Close	Prev.
AMMB Hdgs	15	14.70	14.80	15
Genting	12.20	11.80	11.90	11.90
Mal Banking	26	25.50	25.75	25.75
Mal Intl Ship F	6.90	6.65	6.70	6.70
Petronas Gas	9	8.70	8.90	8.75
Proton	11.20	10.90	11	11.10
Public Bk	3.96	3.78	3.96	3.88
Renong	3.48	3.30	3.44	3.32
Resorts World	8.25	8.05	8.10	8.15
Rothmans PM	27	27	27	27
Sime Darby	8.55	8.40	8.45	8.45
Telekom Mal	11.20	10.50	10.70	11
Tenaga	10.60	10.30	10.30	10.50
Utd Engineers	19	18.50	18.70	18.60
YTL	8.20	7.70	8.30	7.70

London — FT-SE 100: 4846.70 Previous: 4805.70

	High	Low	Close	Prev.
Abbey Natl	8.50	8.34	8.38	8.42
Allied Domecq	4.53	4.43	4.51	4.45
Anglian Water	8.05	7.78	7.78	7.77
Argos	6.47	6.36	6.41	6.35
Asda Group	1.47	1.45	1.46	1.46
Assoc Br Foods	5.58	5.54	5.58	5.56
BAA	5.97	5.82	5.94	5.85
Barclays	12.80	12.38	12.76	12.45
Bass	8.35	8.05	8.23	8.09
BAT Ind	5.37	5.15	5.31	5.17
Bank Scotland	4.31	4.22	4.30	4.22
Blue Circle	4.23	4.17	4.19	4.17
BOC Group	10.75	10.58	10.70	10.59
Boots	8.42	8.10	8.25	8.19
BPB Ind	3.08	3.01	3.08	3
Brit Aerosp	13.20	13.10	13.10	13.18
Brit Airways	6.60	6.21	6.36	6.74
BG	2.55	2.48	2.50	2.53
Brit Land	6.19	6.10	6.10	6.14
Brit Petm	8.12	8.05	8.09	8.09
BSkyB	4.35	4.26	4.30	4.25
Brit Steel	1.57	1.55	1.56	1.55
Brit Telecom	4.25	4.15	4.23	4.15
BTR	1.97	1.92	1.94	1.95
Burmah Castrol	10.45	10.25	10.28	10.32
Burton Gp	1.34	1.30	1.31	1.31
Cable Wireless	6.15	5.97	6.13	5.99
Cadbury Schw	5.87	5.79	5.83	5.89
Carlton Comm	4.79	4.71	4.74	4.75
Coml Union	7.10	6.76	6.76	6.76
Compass Gp	6.17	6.12	6.12	6.14
Courtaulds	3.07	2.92	2.99	3.08
Dixons	5.52	5.43	5.45	5.36
Electrocomponents	4.36	4.32	4.35	4.31
Energy Group	6.52	6.47	6.48	6.50
Enterprise Oil	6.90	6.82	6.86	6.85
Fam Colonial	1.69	1.68	1.69	1.69
Genl Accident	8.92	8.78	8.88	8.91
GEC	3.62	3.58	3.61	3.58
GKN	9.92	9.88	9.88	9.97
Glaxo Wellcome	13.51	13.19	13.37	13.27
Granada Gp	7.67	7.57	7.64	7.57
Grand Met	6.30	5.90	6.22	6.08
GRE	2.96	2.87	2.90	2.87
Greenalls Gp	4.64	4.58	4.59	4.63
Guinness	6.20	5.85	5.98	6.09
GUS	6.21	6.04	6.10	6.04
Hays	5.81	5.78	5.78	5.79
HSBC Hdgs	20.65	19.75	19.93	19.93
ICI	9.24	9.16	9.20	9.17
Impl Tobacco	3.81	3.73	3.73	3.80
Kingfisher	7.28	7.10	7.12	7.26
Ladbroke	2.62	2.56	2.58	2.58
Land Sec	9.37	9.24	9.33	9.23
Lasmo	2.66	2.59	2.63	2.59
Legal Genl Grp	4.28	4.17	4.20	4.17
Lloyds TSB Gp	6.74	6.57	6.68	6.61
Lucas Varity	1.85	1.83	1.84	1.84
Marks Spencer	5.87	5.78	5.84	5.77
MEPC	4.95	4.90	4.92	4.97
Mercury Asset	12.65	12.48	12.48	12.55
National Grid	2.57	2.54	2.56	2.56
Natl Power	5.65	5.50	5.61	5.50
NatWest	8.75	8.59	8.64	8.52
Next	7.55	7.24	7.55	7.32
Norwich Union	3.17	3.11	3.14	3.14
Orange	2.13	2.07	2.08	2.08
P&O	6.24	6.12	6.22	6.17
Pearson	6.72	6.63	6.70	6.66
Pilkington	1.30	1.22	1.30	1.22
PowerGen	7.93	7.80	7.87	7.83
Premier Farnell	4.85	4.76	4.85	4.80
Prudential	5.84	5.61	5.71	5.61
Railtrack Gp	7.80	7.55	7.67	7.56
Rank Group	3.76	3.40	3.46	3.41
Reckitt Colm	9.55	9.43	9.55	9.47
Redland	3.02	2.95	2.98	2.97
Reed Intl	6.15	5.99	6.13	6.02
Rentokil Initial	2.12	2.06	2.10	2.06
Reuters Hdgs	6.12	5.92	6.08	5.95
Rexam	2.48	2.38	2.38	2.46
RMC Group	9.70	9.53	9.70	9.56
Rolls Royce	2.24	2.18	2.21	2.23
Royal Bk Scot	6.48	6.34	6.41	6.33
RTZ reg	10.07	9.98	10.04	10.06
Royal & Sun All	4.84	4.74	4.80	4.80
Safeway	4.02	3.86	3.95	3.87
Sainsbury	4.31	4.24	4.28	4.24
Schroders	17.75	17.55	17.75	17.77
Scot Newcastle	7.28	7.16	7.27	7.13
Scot Power	4.54	4.43	4.47	4.54
Securicor	2.58	2.45	2.45	2.55
Severn Trent	8.80	8.56	8.72	8.62
Shell Transp R	4.30	4.24	4.30	4.24
Siebe	9.87	9.73	9.78	9.82
Smith Nephew	1.76	1.75	1.76	1.74
SmithKline	12.21	11.72	12.20	11.72
Smiths Ind	7.40	7.27	7.40	7.31
Sthern Elec	4.63	4.55	4.62	4.62
Stagecoach	7.65	7.25	7.25	7.30
Stand Charter	9.92	9.69	9.82	9.74
Tate & Lyle	4.30	4.27	4.28	4.27
Tesco	4.23	4.15	4.23	4.20
Thames Water	8.04	7.88	8.02	7.86
3i Group	4.85	4.79	4.85	4.82
TI Group	5.07	4.98	5.07	4.99
Tomkins	3.08	3	3.05	2.97
Unilever	17.10	16.99	17.05	17.11
Utd Assurance	4.28	4.23	4.24	4.22
Utd News	6.82	6.71	6.82	6.75
Utd Utilities	7.10	6.87	7.03	7.16
Vendome Lx uts	4.50	4.46	4.46	4.48
Vodafone	3.03	2.95	2.95	3.03
Whitbread	8.38	8.30	8.35	8.25
Williams Hdgs	3.32	3.28	3.29	3.29
Wolseley	4.42	4.37	4.38	4.33
WPP Group	2.43	2.40	2.43	2.40
Zeneca	21.35	20.80	20.90	21.03

Madrid — Bolsa index: 613.16 Previous: 597.33

	High	Low	Close	Prev.
Acerinox	27450	26910	27100	26720
ACESA	1840	1795	1825	1795
Aguas Barcelon	6080	6030	6080	6060
Argentaria	8650	8520	8650	8560
BBV	13190	12700	12810	12810
Banesto	1470	1445	1470	1450
Bankinter	26990	25000	25500	25500
Bco Centro Hisp	6200	5930	6200	5900
Bco Popular	35750	34940	35750	34600
Bco Santander	4590	4340	4570	4325
CEPSA	4900	4810	4825	4875
Continente	3650	3500	3650	3570
Corp Mapfre	8800	8660	8700	8680
Endesa	12220	11900	12210	11890
FECSA	1325	1240	1325	1240
Gas Natural	31900	30010	30370	30370
Iberdrola	1755	1705	1750	1695
Pryca	3290	3175	3245	3275
Repsol	6400	6250	6400	6250
Sevillana Elec	1490	1425	1485	1450
Tabacalera	8100	7850	7970	7800
Telefonica	4205	4120	4205	4110
Union Fenosa	1245	1220	1245	1220
Valenc Cement	2545	2515	2545	2535

Manila — PSE index: 2656.73 Previous: 2648.34

	High	Low	Close	Prev.
Ayala B	18.25	17.50	18.25	17.50
Ayala Land	23	22.75	22.75	22.75
Bk Philip Isl	156	152	155	156
C&P Homes	9.20	8.90	9	9.20
Manila Elec A	84	83	84	83.50
Metro Bank	560	545	560	555
Petron	6.20	6.10	6.10	6.10
PCIBank	233	230	230	238
Phil Long Dist	950	940	950	940
San Miguel B	60	58.50	59.50	59.50
SM Prime Hdg	7.40	7.30	7.30	7.40

Mexico — Bolsa index: 4616.03 Previous: 4590.22

	High	Low	Close	Prev.
Alfa A	55.80	54.20	54.30	55.40
Banacci B	20.45	19.80	20.10	19.68
Cemex CPO	38.25	37.20	38.00	37.15
Cifra C	13.40	13.18	13.18	13.30
Emp Modema	48.20	44.70	47.60	44.40
Gpo Carso A1	55.90	54.80	54.80	54.00
Gpo F Bcomer	2.51	2.44	2.44	2.46
Gpo Fin Inbursa	35.70	35.30	35.45	35.70
Kimb Clark Mex	33.10	32.50	32.90	32.15
Televisa CPO	108.50	105.80	107.70	106.50
TelMex L	19.84	19.52	19.52	19.46

Milan — MIB Telematico: 14928.00 Previous: 14626.00

	High	Low	Close	Prev.
Alleanza Assic	16280	15930	15930	16000
Bca Comm Ital	4470	4360	4450	4400
Bca Fideuram	6150	6060	6100	6320
Bca di Roma	1488	1435	1461	1431
Benetton	28950	27550	28900	27500
Credito Italiano	3645	3570	3620	3600
Edison	8960	8800	8850	8765
ENI	10500	10300	10435	10335
Fiat	6435	6310	6385	6285
Generali Assic	37400	36550	37100	36000
IMI	16990	16125	16760	16070
INA	2770	2680	2720	2640
Italgas	5950	5830	5935	5790
Mediaset	8270	8065	8170	8095
Mediobanca	12800	12500	12700	12390
Montedison	1250	1216	1242	1206
Olivetti	490	460	461	461
Parmalat	2540	2475	2535	2490
Pirelli	5025	4840	5000	4740
RAS	15790	15550	15665	15540
Rolo Banca	23250	22850	23050	22950
S Paolo Torino	14650	14355	14565	14200
Stet	11880	10700	10710	10710
TIM	6020	5920	5955	5805

Montreal — Industrials index: 3545.69 Previous: 3568.73

	High	Low	Close	Prev.
Bce Mob Com	49	46½	49	46¼
Cdn Tire A	26.85	26.40	26.85	26¾
Cdn Util A	39.45	39.30	39.40	39.35
CT Finl Svc	42¼	41½	41½	42½
Gaz Metro	18.80	18.65	18¾	18.70
Gt-West Lifeco	32¼	32¼	32½	32.05
Imasco	43.20	42.60	42.60	42.85
Investors Grp	31½	31½	31½	31.05
Loblaw Cos	20¾	20.20	20.20	20¼
Natl Bk Canada	18¼	18	18.05	17.85
Power Corp	36½	36.40	36¾	36½
Power Finl	34.20	34	34.10	34
Quebecor B	27.80	27.55	27.65	27.65
Rogers Comm B	9.70	9.70	9.70	9.60
Royal Bk Cda	67.95	67½	67.55	67.70

Oslo — OBX index: 676.11 Previous: 670.53

	High	Low	Close	Prev.
Aker A	150	147	150	147
Bergesen Dy A	190.50	189	189.50	188
Christiania Bk	26.30	25.80	26.30	25.80
Den norske Bk	30.40	30.20	30.40	30.20
Elkem	150	147	148	146.50
Hafslund A	47	47	47	45
Kvaerner Asa	437	434	436	436
Norsk Hydro	392.50	389	390	388
Norske Skog A	286.50	283	286.50	280
Nycomed A	137	135.50	136.50	136
Orkla Asa A	547	543	545	537
Petro GeoSvc	374	367	370	361
Saga Petm A	143	142	143	142
Schibsted	143	140	140	144
Transocean Off	605	603	605	605
Storebrand Asa	48.40	47.90	48.40	47.80

Paris — CAC-40: 2921.13 Previous: 2874.12

	High	Low	Close	Prev.
Accor	925	908	924	917
AGF	201.80	198	200.80	198.50
Air Liquide	953	933	953	938
Alcatel Alsth	767	734	748	743
AXA-UAP/RM	391.50	382.70	390.50	381.50
Bancaire	717	702	715	704
BIC	980	955	980	945
BNP	252.80	246.50	249.60	246.60
Canal Plus	1113	1087	1103	1085
Carrefour	4194	4112	4185	4072
Casino	287	282.80	283.70	284
CCF	262	248.50	261.50	250
Cetelem	695	675	685	681
Christian Dior	1000	992	997	986
CLF-Dexia Fran	583	575	577	589
Credit Agricole	1260.10	1255.20	1260.10	1260.10
Danone	953	943	951	941
Elf-Aquitaine	664	655	663	659
Eridania BS	881	853	878	853
Eurodisney	8.60	8.25	8.45	8.20
Eurotunnel	6.70	6.50	6.70	6.65
Gen. Eaux	731	714	725	721
Havas	405	395.60	401.50	399.90
Imetal	814	786	806	792
Lafarge	399	386.30	398	380
Legrand	1205	1152	1197	1140
L'Oreal	2500	2452	2485	2441
LVMH	1580	1539	1559	1564
Suez Lyon Eaux/RM	684	667	681	669
Michelin B	369.80	358.10	366.10	356
Paribas A	402.80	399	402.40	398
Pernod Ricard	310	297	307.60	302
Peugeot Cit	598	580	589	579
Pinault-Print	2890	2790	2835	2829
Promodes	2539	2500	2514	2477
Renault	164.80	156	164.80	155.50
Rexel	1700	1664	1697	1700
Rh-Poulenc A	245.90	240.80	244.90	242.30
Sanofi	553	536	551	533
Schneider	338	333.20	336.20	329
SEB	1043	1025	1039	1016
SGS Thomson	528	506	514	528
Ste Generale	741	703	738	710
Sodexho	3150	3080	3149	3046
St Gobain	841	833	834	831
Suez	16.70	16.20	16.65	16.30
Synthelabo	779	761	767	760
Thomson CSF	169	165.60	167.70	164.60
Total B	588	575	586	575
Usinor	117.40	114.10	116.80	114
Valeo	403	392	400	397.50

São Paulo — Bovespa index: 11997.50 Previous: 11291.90

	High	Low	Close	Prev.
Bradesco Pfd	10.90	9.90	10.60	9.90
Brahma Pfd	830.00	815.00	825.01	810.00
Cemig Pfd	56.00	54.00	55.50	52.00
CESP Pfd	72.50	69.00	71.30	67.40
Copel	19.80	18.40	19.75	19.00
Eletrobras	550.00	515.00	545.00	505.00
Itaubanco Pfd	590.01	560.01	590.00	560.00
Light Servicios	545.00	525.00	538.00	520.00
Lightpar	434.00	428.00	432.00	423.00
Petrobras Pfd	305.00	289.00	301.99	283.00
Paulista Luz	196.00	190.00	192.00	180.10
Sid Nacional	35.99	34.80	35.01	34.50
Souza Cruz	9.90	9.80	9.89	9.70
Telebras Pfd	154.00	144.00	151.99	142.00
Telemig	179.99	169.00	179.99	165.00
Telerj	155.00	144.01	153.00	146.51
Telesp Pfd	347.00	322.01	340.00	320.00
Unibanco	41.00	41.00	41.00	40.30
Usiminas Pfd	12.30	11.20	12.00	11.00
CVRD Pfd	28.00	26.80	27.50	26.50

Seoul — Composite index: 725.98 Previous: 740.93

	High	Low	Close	Prev.
Dacom	101000	98000	100000	101000
Daewoo Heavy	7790	7470	7500	7700
Hyundai Eng.	21700	20900	21000	21400
Kia Motors	12200	11900	12100	12100
Korea El Pwr	27200	26600	26900	27200
Korea Exch Bk	5390	4890	5060	5310
Korea Mob Tel	501000	490000	498000	503000
LG Semicon	38500	37500	38100	38500
Pohang Iron St	64300	62500	64100	64200
Samsung Display	46600	45600	46100	46000
Samsung Elec	69500	67800	69000	68800
Shinhan Bank	9690	9200	9350	9600

Singapore — Straits Times: 1950.51 Previous: 1950.75

	High	Low	Close	Prev.
Asia Pac Brew	5.85	5.80	5.85	5.70
Cerebos Pac	5.80	5.55	5.55	5.80
City Devts	13.90	13.80	13.80	13.90
Cycle Carriage	12.80	12.60	12.70	12.60
Dairy Farm Intl *	0.80	0.80	0.80	0.80
DBS foreign	20	19.60	19.70	19.50
DBS Land	4.68	4.60	4.68	4.58
Fraser & Neave	10.30	10	10.30	10.10
HK Land *	2.56	2.52	2.53	2.52
Jard Matheson *	6.95	6.80	6.95	7
Jard Strategic *	3.58	3.50	3.54	3.56
Keppel	6.80	6.50	6.65	6.80
Keppel Bank	3.70	3.58	3.60	3.68
Keppel Fels	4.96	4.92	4.94	4.94
Keppel Land	4.32	4.20	4.32	4.20
OCBC foreign	15.50	14.90	15.20	15.40
OS Union Bk F	9.65	9.60	9.60	9.55
Parkway Hdgs	6.65	6.50	6.65	6.50
Sembawang	7.10	6.90	6.95	6.95
Sing Air foreign	13.60	13.30	13.50	13.50
Sing Land	7.30	7.20	7.25	7.50
Sing Press F	28.60	27.40	27.60	28.30
Sing Tech Ind	3.84	3.76	3.76	3.86
Sing Telecomm	2.74	2.68	2.74	2.70
Tat Lee Bank	2.89	2.87	2.88	2.88
Utd Industrial	1.13	1.09	1.13	1.09
Utd OSea Bk F	16.30	15.80	15.80	16.10
Wing Tai Hdgs	4.26	4.16	4.16	4.22

*: In U.S. dollars.

Stockholm — SX 16 index: 3483.29 Previous: 3414.12

	High	Low	Close	Prev.
AGA B	107	105.50	107	107
ABB A	109	107.50	109	107.50
AssiDoman	236	230	236	234
Astra A	152.50	147.50	151.50	146
Atlas Copco A	244.50	239	243.50	239
Autoliv	294	291.50	292	292.50
Electrolux B	633	625	625	630
Ericsson B	330.50	322	330	326
Hennes B	346	333	345.50	329
Incentive A	680	675	677	680
Investor B	420	410	417	407
MoDo B	274	266	269.50	268
Nordbanken	267	257	264.50	260
Pharm/Upjohn	292.50	287.50	291.50	287.50
Sandvik B	257	247	257	247.50
Scania B	235	230	235	231
SCA B	170	167	170	167
S-E Banken A	91.50	89	91	89.50
Skandia Fors	321	317	317	316
Skanska B	348.50	345	346	346
SKF B	230	216	230	215.50
Sparbanken A	178.50	172	178	172.50
Stora A	132.50	127.50	132.50	128
Sv Handles A	253.50	249	253.50	251
Volvo B	213	206	213	204

Sydney — All Ordinaries: 2656.40 Previous: 2653.40

	High	Low	Close	Prev.
Amcor	8.52	8.45	8.47	8.50
ANZ Bkng	10.11	9.99	10.08	10.06
BHP	18.14	17.83	17.94	18.10
Boral	4.02	3.95	4.01	3.95
Brambles Ind.	26.60	26.31	26.45	26.51
CBA	16.47	16.15	16.42	16.22
CC Amatil	16.12	15.80	16.12	15.91
Coles Myer	6.55	6.49	6.51	6.49
Comalco	6.86	6.80	6.85	6.86
CSR	5.02	4.90	5.02	4.91
Fosters Brew	2.58	2.56	2.58	2.57
Goodman Fld	1.90	1.87	1.88	1.88
ICI Australia	12.72	12.64	12.69	12.70
Lend Lease	27.99	27.60	27.69	27.81
MIM Hdgs	1.76	1.74	1.74	1.76
Nat Aust Bank	19.32	19.20	19.30	19.22
Nat Mutual Hdg	2.14	2.11	2.14	2.10
News Corp	6.13	6.09	6.11	6.16
Pacific Dunlop	3.63	3.56	3.57	3.62
Pioneer Intl	5	4.83	4.95	4.85
Pub Broadcast	7.91	7.77	7.84	7.78
Rio Tinto	21.51	21.18	21.22	21.42
St George Bank	8.47	8.40	8.44	8.41
WMC	7.82	7.61	7.79	7.70
Westpac Bkng	8	7.94	7.98	7.98
Woodside Pet	11.14	11.02	11.08	11.12
Woolworths	4.14	4.03	4.14	4.03

Taipei — Stock Market index: 9558.40 Previous: 9833.77

	High	Low	Close	Prev.
Cathay Life Ins	157	151	151	157
Chang Hwa Bk	135	127	127	133
Chiao Tung Bk	84.50	80	80	84
China Develpmt	180	175	176	175
China Steel	32.10	30.70	30.90	31.70
First Bank	136	130	130	134.50
Formosa Plastic	69	67	67.50	69
Hua Nan Bk	137.50	132	133.50	135
Intl Comm Bk	73	70	70.50	70
Nan Ya Plastics	77.50	73	73	76.50
Shin Kong Life	124.50	116.50	118	124.50
Taiwan Semi	154	138.50	139	148.50
Tatung	51	49.50	49.50	50.50
Utd Micro Elec	151	140	144	146.50
Utd World Chin	68	66	66.50	67.50

Tokyo — Nikkei 225: 20157.02 Previous: 20249.32

	High	Low	Close	Prev.
Ajinomoto	1170	1160	1160	1170
All Nippon Air	750	735	748	737
Amway	3500	3380	3380	3520
Asahi Bank	918	905	905	912
Asahi Chem	617	590	590	605
Asahi Glass	1060	1040	1040	1050
Bk Tokyo Mitsu	2270	2230	2270	2250
Bk Yokohama	618	606	616	616
Bridgestone	2780	2740	2770	2810
Canon	3370	3310	3350	3350
Chubu Elec	2040	2010	2040	2020
Chugoku Elec	2000	1980	2000	1990
Dai Nipp Print	2620	2590	2600	2610
Daiei	820	795	816	794
Dai-Ichi Kang	1540	1500	1510	1530
Daiwa Bank	614	590	609	615
Daiwa House	1340	1330	1340	1330
Daiwa Sec	890	860	866	899
DDI	8320a	8190a	8230a	8180a
Denso	2870	2810	2830	2870
East Japan Ry	5650a	5580a	5580a	5630a
Eisai	2640	2590	2620	2610
Fanuc	4650	4520	4630	4640
Fuji Bank	1660	1620	1640	1650
Fuji Photo	4750	4670	4690	4830
Fujitsu	1670	1630	1660	1690
Hachijuni Bk	1140	1130	1130	1130
Hitachi	1300	1260	1280	1310
Honda Motor	3510	3460	3470	3390
IBJ	1760	1710	1720	1750
IHI	439	425	434	433
Itochu	575	568	572	564
Ito-Yokado	6870	6730	6830	6940
JAL	520	511	516	510
Japan Tobacco	8750a	8570a	8750a	8780a
Jusco	3460	3400	3440	3380
Kajima	618	607	607	626
Kansai Elec	2210	2160	2210	2180
Kao	1650	1630	1650	1660
Kawasaki Hvy	525	517	525	516
Kawa Steel	345	337	345	340
Kinki Nipp Ry	677	672	677	675
Kirin Brewery	1140	1120	1140	1140
Kobe Steel	200	197	199	198
Komatsu	846	821	829	837
Kubota	513	503	509	514
Kyocera	9560	9280	9280	9570
Kyushu Elec	2000	1980	2000	2000
LTCB	540	525	530	547
Marubeni	507	502	504	505
Marui	2050	2010	2050	2040
Matsu Comm	4790	4690	4710	4870
Matsu Elec Ind	2390	2350	2370	2390
Matsu Elec Wk	1390	1350	1380	1350
Mitsubishi	1300	1270	1280	1280
Mitsubishi Ch	347	335	336	340
Mitsubishi El	675	664	669	659
Mitsubishi Est	1650	1630	1650	1620
Mitsubishi Hvy	843	827	834	833
Mitsubishi Mat	795	777	790	795
Mitsubishi Tr	1810	1760	1780	1800
Mitsui	1090	1060	1090	1080
Mitsui Fudosn	1510	1490	1510	1500
Mitsui Trust	815	790	794	815
Murata Mfg	4820	4700	4700	4840
NEC	1640	1600	1640	1650
Nikon	1970	1930	1970	1970
Nikko Sec	734	693	700	726
Nintendo	10700	10300	10500	10900
Nipp Express	830	819	824	820
Nippon Oil	567	540	547	567
Nippon Steel	340	335	340	335
Nissan Motor	815	808	815	815
NKK	220	215	219	220
Nomura Sec	1520	1480	1490	1530
NTT	1150b	1120b	1140b	1140b
NTT Data	4980b	4870b	4940b	4950b
Oji Paper	627	617	624	629
Osaka Gas	302	298	300	302
Ricoh	1600	1570	1590	1610
Rohm	12700	12600	12700	13000
Sakura Bk	856	836	851	857
Sankyo	4360	4270	4300	4170
Sanwa Bank	1670	1650	1660	1680
Sanyo Elec	520	513	518	513
Secom	8660	8620	8630	8690
Seibu Rwy	5690	5660	5690	5760
Sekisui Chem	1030	1020	1030	1020
Sekisui House	1170	1150	1160	1160
Seven-Eleven	9050	8850	9000	9000
Sharp	1490	1470	1480	1470
Shikoku El Pwr	1940	1930	1940	1930
Shimizu	643	631	640	633
Shin-etsu Ch	3360	3270	3320	3330
Shiseido	1850	1820	1820	1870
Shizuoka Bk	1260	1240	1240	1270
Softbank	7050	6980	7000	7080
Sony	10800	10500	10700	10700
Sumitomo	1130	1090	1110	1130
Sumitomo Bk	1880	1850	1880	1880
Sumit Chem	492	484	492	478
Sumitomo Elec	1950	1930	1950	1970
Sumit Metal	302	288	289	300
Sumit Trust	1220	1210	1210	1220
Taisho Pharm	3280	3250	3280	3200
Takeda Chem	3490	3400	3400	3470
TDK	9300	9040	9100	9350
Tohoku El Pwr	1970	1950	1960	1970
Tokai Bank	1140	1120	1130	1130
Tokio Marine	1450	1430	1440	1450
Tokyo El Pwr	2260	2240	2250	2250
Tokyo Electron	7150	6780	6820	7310
Tokyo Gas	298	292	298	295
Tokyu Corp.	670	650	670	660
Tonen	1300	1280	1280	1290
Toppan Print	1880	1850	1860	1860
Toray Ind	800	778	780	797
Toshiba	750	735	743	752
Tostem	2870	2770	2770	2900
Toyo Trust	933	919	925	938
Toyota Motor	3490	3440	3460	3430
Yamanouchi	3130	3080	3110	3080

a: x 100; b: x 1,000

Toronto — TSE Industrials: 6674.60 Previous: 6647.39

	High	Low	Close	Prev.
Abitibi Cons.	27.15	26.70	27.15	26.60
Alberta Energy	31⅛	30.90	30.90	31.70
Alcan Alum	48.45	47.70	48.45	47.70
Anderson Expl	17	16⅞	16⅞	17
Bk Montreal	56.60	56.30	56.55	56⅛
Bk Nova Scotia	64	63½	64	63.40
Barrick Gold	31.35	30.65	30.85	30.45
BCE	41¼	41.30	41¼	41.10
BC Telecomm	34⅛	33⅞	34⅛	34
Biochem Pharm	35.55	34.90	35.55	35.55
Bombardier B	32⅜	32.10	32.35	31.90
Brascan A	35.45	35.05	35.40	35.40
Cameco	50⅛	50	50.20	50
CIBC	38.80	38.15	38.80	37.90
Cdn Natl Rail	68½	67.80	67.80	67⅛
Cdn Nat Res	34.90	34.55	34.80	34.80
Cdn Occid Pet	35½	35.10	35.30	35½
Cdn Pacific	39.90	38.95	39.90	38.80
Cominco	38⅛	38	38.20	38
Dofasco	30.20	29⅞	29.80	29.85
Domtar	12.95	12⅞	12⅞	12.80
Donohue A	31⅛	31.10	31.10	31⅛
Du Pont Cda A	31	30	30⅛	31
Edper Group	23.70	23.35	23.60	23½
Euro-Nev Mng	43	42½	42⅛	43.10
Fairfax Finl	398	397	397½	398
Falconbridge	27.40	27	27.30	27
Fletcher Chall A	23.30	23.10	23.30	23
Franco Nevada	62.70	62.20	62.60	62.15
Gulf Cda Res	11.35	11.20	11.35	11.20
Imperial Oil	68½	67⅛	68⅛	68
Inco	40.70	40.40	40.65	40.45
IPL Energy	50.30	50	50.10	50.10
Laidlaw B	21	20.60	21	20.65
Loewen Group	48⅛	48.10	48.40	48⅛
Macmill Bldl	19⅛	19.05	19.15	19⅛
Magna Intl A	89¾	88	89.70	88
Methanex	12.85	12⅛	12⅛	12⅛
Moore	28½	28.10	28½	28.10
Newbridge Net	68.35	67	68.15	67½
Noranda Inc.	28.30	27¾	28	27.85
Norcen Energy	32.95	31¾	32	33
Nthern Telecom	140	134.15	135¼	137
Nova	12	11.90	12	11.90
Onex	32	31½	32	32
Pancdn Petlm	27.70	27½	27½	27.10
Petro Cda	23.40	23.05	23.15	22.90
Placer Dome	23¼	22.70	22.90	22½
Poco Petlm	12.90	12.65	12¾	12¾
Potash Sask	105.20	101¾	104.85	108
Renaissance	35.15	34.55	34.65	35.05
Rio Algom	33.70	33	33.40	33½
Rogers Cantel B	25.65	25½	25.65	25.65
Seagram Co	53.20	52.60	52.90	52.80
Shell Cda A	20.80	20.05	20.60	20.95
Suncor	36.45	35.95	36.40	35.95
Talisman Eny	42.45	41¾	42	42.20
Teck B	27.40	27	27.40	27.40
Teleglobe	50.70	48	50.70	50.70
Telus	26	25.70	26	25.80
Thomson	34½	33.60	34½	33.60
TorDom Bank	43.85	43.40	43.85	43.35
Transalta	16.55	16.40	16.55	16.40
TransCda Pipe	28.10	27.80	28	27.85
Trimark Finl	67.65	66	67½	67.30
Trizec Hahn	29.95	29.55	29.70	29.70
TVX Gold	6.60	6.40	6½	6.35
Westcoast Eny	27.10	27	27.10	27.05
Weston	92½	92	92	92½

Vienna — ATX index: 1408.44 Previous: 1408.24

	High	Low	Close	Prev.
Boehler-Uddeh	1031	1007.50	1023.10	992
Creditanst Pfd	526.20	520.15	522.50	521.50
EA-Generali	3500	3439.20	3455	3530
EVN	1628	1607	1614	1618.70
Flughafen Wien	515	508.05	511	510
OMV	1660	1636	1656	1636
Oest Elektriz	865	858	860	859.55
VA Stahl	619.05	605	609	602
VA Tech	2594	2550	2565	2543.90
Wienerberg Bau	2610	2580	2609	2580

Wellington — NZSE-40 index: 2453.82 Previous: 2459.28

	High	Low	Close	Prev.
Air NZeald B	4.50	4.45	4.45	4.50
Brierly Invt	1.36	1.34	1.34	1.35
Carter Holt	3.70	3.68	3.68	3.70
Fletch Ch Bldg	4.42	4.36	4.42	4.36
Fletch Ch Eny	4.93	4.86	4.90	4.88
Fletch Ch Forst	1.98	1.96	1.96	1.96
Fletch Ch Paper	3.38	3.36	3.37	3.38
Lion Nathan	3.80	3.79	3.80	3.79
Telecom NZ	7.32	7.21	7.28	7.33
Wilson Horton	11.75	11.70	11.70	11.75

Zurich — SPI index: 3606.20 Previous: 3572.56

	High	Low	Close	Prev.
ABB B	2320	2258	2270	2270
Adecco B	564	545	563	545
Alusuisse R	1391	1368	1387	1356
Ares-Serono B	2240	2150	2200	2223
Alel R	875	860	875	875
Baer Hdg B	2225	2210	2215	2212
Baloise Hdg R	3430	3390	3400	3450
BK Vision	1190	1175	1190	1165
Ciba Spec Chem	135.50	132.75	133.50	129
Clariant R	1006	955	1005	954
Crd Suisse Gp R	195	191	192.50	189.50
Elektrowatt B	539	538	539	538
Ems-Chemie	6670	6600	6655	6630
ESEC Hdg	4800	4680	4795	4720
Holderbank B	1343	1308	1313	1310
Liechtenst LB B	607	595	595	605
Nestle R	1893	1871	1875	1865
Novartis R	2351	2300	2309	2292
Oerlikon Buehr R	164	159	163	158.75
Pargesa Hld B	2015	2001	2015	2020
PharmVisn B	885	875	880	870
Richemont A	2300	2290	2291	2286
Pirelli PC	317	310	315	310
Roche Hdg PC	14390	14260	14330	14165
SBC R	406.50	399.50	405.50	399
Schindler PC	1850	1800	1825	1819
SGS B	3080	3020	3025	3050
SMH B	843	825	830	831
Sulzer R	1167	1145	1154	1160
Swiss Reins R	2100	2068	2095	2078
Swissair R	1848	1800	1828	1797
UBS B	1658	1638	1654	1630
Winterthur R	1391	1371	1381	1376
Zurich Assur R	584	575	580	574

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	179.58	+3.22	+1.83	+20.41
Regional Indexes				
Asia/Pacific	132.02	-0.19	-0.14	+6.96
Europe	189.39	+2.85	+1.53	+17.49
N. America	211.87	+4.81	+2.32	+30.86
S. America	168.70	+11.45	+7.28	+47.43
Industrial Indexes				
Capital goods	230.71	+3.40	+1.50	+34.98
Consumer goods	199.83	+2.49	+1.26	+23.79
Energy	198.06	+4.60	+2.38	+16.02
Finance	137.09	+2.80	+2.09	+17.71
Miscellaneous	178.50	-0.35	-0.20	+10.34
Raw Materials	192.73	+4.78	+2.54	+9.89
Service	167.60	+4.10	+2.51	+22.05
Utilities	166.27	+4.41	+2.72	+15.90

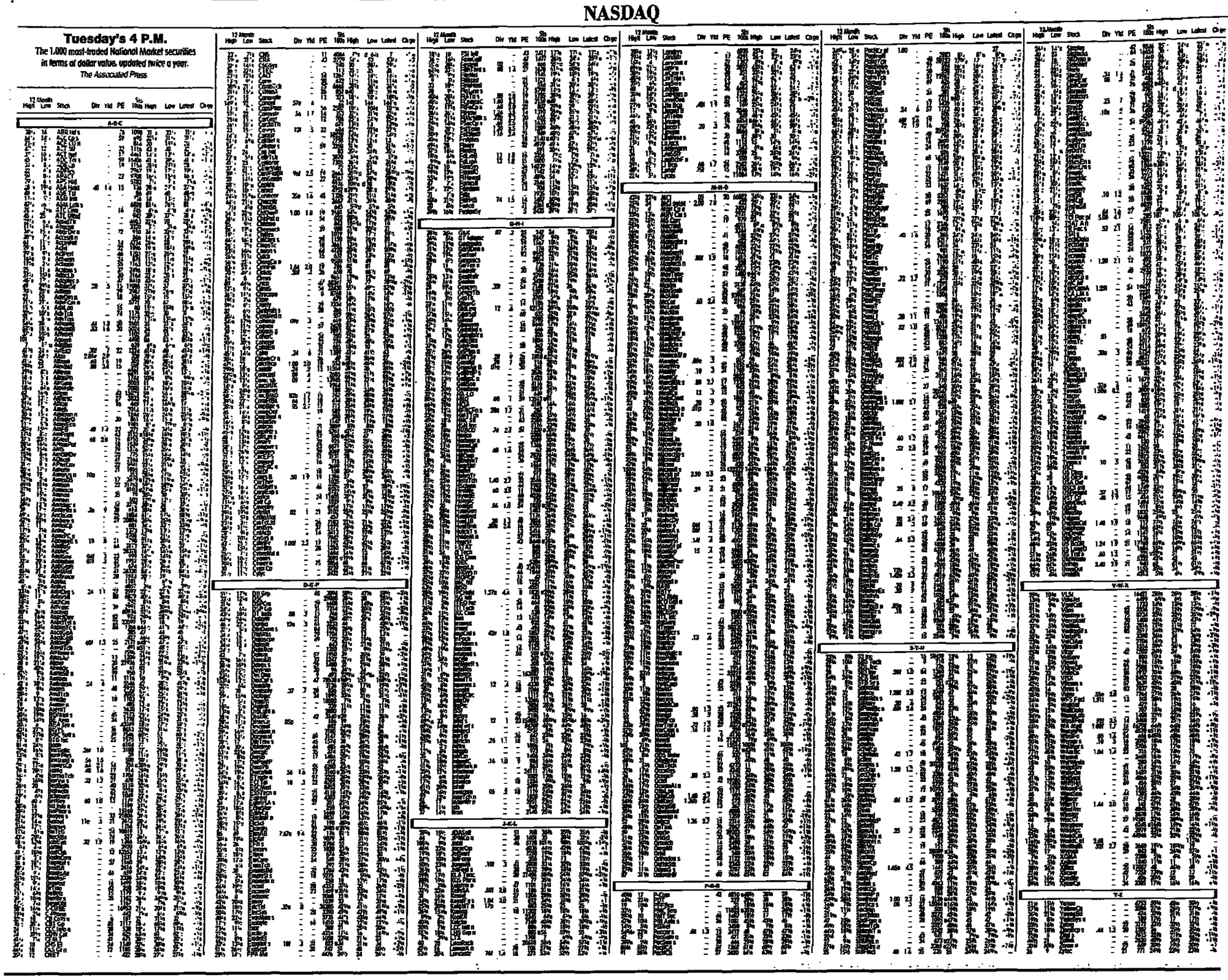
The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

NASDAQ

Tuesday's 4 P.M.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press



NYSE

Tuesday's 4 P.M. Close

(Continued)

هكذا من الأصل

German Stocks Lead As Europe's Markets Reach New Highs

Compiled by Our Staff From Dispatches

FRANKFURT — The benchmark DAX Ibis Index climbed nearly 4 percent to a record close Tuesday as investors anticipated further consolidation in Germany's banking sector.

The rise in German shares, along with the strong dollar and gains on Wall Street, also propelled other European bourses to strong finishes.

The DAX rose 157.68 points, or 3.8 percent, to 4,297.64, its biggest one-day jump in nearly five years.

Bayerische Vereinsbank AG and Bayerische Hypotheken- & Wechsel-Bank AG announced plans Monday to merge and create Germany's second-largest bank. The new bank would be one of Europe's five largest, and analysts expect further bank mergers.

"The speculation centers on Commerzbank," said Norbert Barth, an analyst with Sal. Oppenheim Jr. & Co. "They are the last truly independent bank. I am confident they will not remain alone."

Analysts said there was speculation that Deutsche Bank AG was selling its auto holdings to finance the purchase of Commerzbank shares. A Deutsche Bank spokesman declined to comment.

Vereinsbank led the rise, surging 12 percent to close at 95.60 Deutsche marks ($53.24) a share. Deutsche Bank, Europe's largest bank, rose 7 percent to 116.65 DM after Goldman, Sachs & Co. raised its recommendation on the bank.

Hypo-Bank jumped 10 percent to 73.45, Commerzbank soared 12 percent to 63.00, and Dresdner Bank AG rose 7 percent to 83.60.

In Paris, investors shrugged off Monday's announcement of an increase in corporate income-tax rates to 41.6 percent from 36.6 percent to help close the deficit. The CAC-40 index closed up 47.01 points, or 1.6 percent, at 2,921.13. Dollar-sensitive exporters such as the retailer Carrefour SA and the cosmetics giant L'Oreal SA led the gains.

The rising dollar also helped the Dutch stock exchange, which is dominated by multinational corporations such as Royal Dutch/Shell. The Amsterdam Exchanges Index rose 29.28 points, or 3.1 percent, to close at 960.62.

Italian stocks reached an all-time high as Telecom Italia SpA led a surge prompted by steady consumer-price figures that showed the economy was rebounding without the threat of inflation. The all-share Mibtel index reached a record close of 14,928, up 302 points, or 2 percent. The Mib30 Index of Italy's largest companies reached a closing record of 22,701, up 506 points, or 2.3 percent. Telecom Italia accounted for about one-fifth of the indexes' rise.

(Bloomberg, Reuters)

Russian Economy Picking Up

IMF to Find More Currency Reserves and Tax Receipts

Reuters

MOSCOW — An International Monetary Fund mission arriving in Moscow on Tuesday will find the economy in better shape than previous delegations have, analysts said.

Currency reserves are up, the ruble is steady and inflation is continuing to slow. More important, taxes are flowing into government coffers as a new team of reform-minded ministers is putting pressure on big corporations to pay up and restructure monopolies.

The payoff in unambiguous economic growth is still to come, and millions of ordinary Russians have yet to benefit from the improvements. But with Russian markets at or near record levels, foreign investors are taking advantage of the improvement.

"The IMF is arriving in particularly positive circumstances," said Thomas Balastrery, director of research at Austria's Creditanstalt Investment Bank in Moscow.

Over the last 12 months, the fund, in hopes of encouraging Moscow to mend its ways, has repeatedly delayed payments of its $10 billion three-year credit because revenue was running below budgeted levels, undermining fiscal policy.

But in June tax revenue was running at 30 trillion to 34 trillion rubles ($5.19 billion to $5.88 billion), the amount that had been budgeted for the year, and was double January's receipts of 14.5 trillion, Mr. Balastrery said.

"There's no reason for the IMF not to release the money," since "inflation and money supply are on target," said Per Maelstrom, director of research at the brokerage Brunswick.

The team from the monetary fund is conducting a quarterly review of the Russian economy to decide whether to pay out a $700 million tranche of its loan.

The government paid off 22 trillion rubles in pension arrears last month, and President Boris Yeltsin has also vowed to pay off public-sector wage arrears by next year. Many workers have not been paid for months. The federal government owes 7.7 trillion rubles and has promised to help out regional governments, which owe 25.6 trillion.

Inflation slowed to 14.5 percent year-on-year in June. The year-on-year rate has dropped every month since mid-1995, when it was 225 percent.

The improved climate enabled Russia to raise 10-year funds on the international market when it issued its third Eurobond last month. Ministers say improved tax revenue may enable Russia to shelve plans for a further bond issue this year.

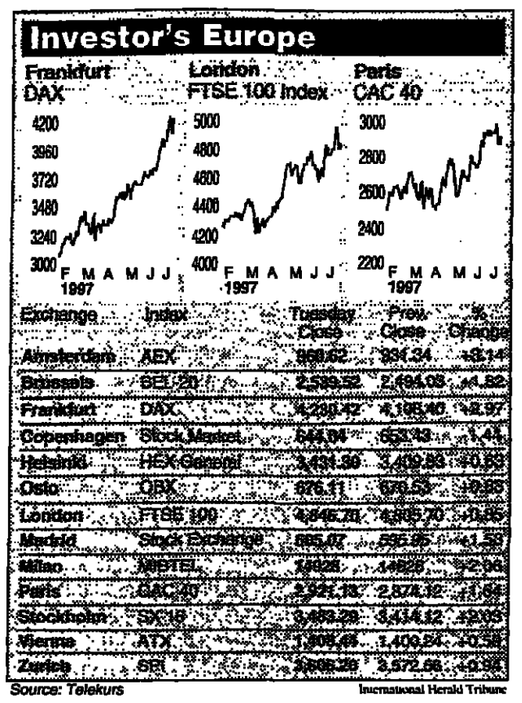
But obvious black spots remain: privatization is being conducted in murky conditions, and gross domestic product is not growing.

■ Scandal Hits Unikombank

The Russian central bank demanded the dismissal Tuesday of three directors of Unikombank and imposed restrictions on its bond trading, asserting that the bank had mishandled federal budget funds, Agence France-Presse reported.

Central bank officials told the Itar-Tass press agency that the federal banking supervision committee had demanded the dismissal of the Unikombank chief, Nina Galanicheva, her first deputy, Andrei Glariozov, and another deputy, Sergei Pashvykin.

Investor's Europe



Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	AEX	960.62	931.34	+3.14
Brussels	BEL 20	2,539.52	2,494.03	+1.82
Frankfurt	DAX	4,297.64	4,139.96	+3.81
Copenhagen	Stock Market	644.04	653.43	-1.44
Helsinki	HEX General	3,431.39	3,419.88	+0.33
Oslo	OBX	676.11	670.53	+0.83
London	FTSE 100	4,846.70	4,905.70	-1.20
Madrid	Stock Exchange	665.07	655.46	+1.47
Milan	MIBTEL	14928.	14626.	+2.06
Paris	CAC 40	2,921.13	2,874.10	+1.64
Stockholm	SX 16	3,493.28	3,414.12	+2.32
Vienna	ATX	1,409.68	1,400.54	+0.65
Zurich	SPI	3,568.29	3,572.66	-0.12

Source: Telekurs International Herald Tribune

Very briefly:

• **Italy's** industry minister, Luigi Bersani, confirmed that **Ansaldo SpA**, an energy concern owned by **Finmeccanica SpA**, a state-controlled conglomerate, was studying the possibility of joint ventures with South Korea's **Daewoo Corp.**

• **Dassault Systemes SA**, a French maker of design software, said its second-quarter net profit rose 54 percent, to 77.5 million francs ($12.8 million), and cited its U.S. marketing strategy.

• **Commercial Union PLC** plans to buy **Credit Agricole Indosuez SA's** 56 percent of **Union Financiere de France Banque SA** for 1.3 billion francs to increase its market presence in France.

• **France's** industrial production fell a greater-than-expected 1.6 percent in May from April, and manufacturing output dropped 1.7 percent as production slowed in the weeks before national elections. The decline was led by the automobile sector, where production fell 3.2 percent.

• **The Confederation of British Industry** said the country's economic and business interests would profit if Britain eventually joined a single European currency, but it recommended against joining at the scheduled beginning of European monetary union in January 1999.

• **The Bank of England** should give testimony before the House of Commons' Treasury select committee after every quarterly inflation report, the chancellor of the Exchequer, Gordon Brown, said.

• **Ukraine** plans to sell shares of its most attractive companies in international auctions, the acting director of the State Property Fund said, adding that tenders for international banks to manage the auctions would be extended within two to three months.

Reuters, Bloomberg

Car Sales Lift Volvo's Profit

Compiled by Our Staff From Dispatches

STOCKHOLM — Volvo AB said Tuesday that its net profit rose 48 percent in the second quarter as strong car sales and asset disposals outweighed losses in its U.S. truck division.

The automaker also said the strong dollar bolstered its first-half profit, which rose to 1.96 billion kronor ($252 million) from 1.33 billion kronor in the year-earlier quarter.

Pretax profit, the figure most widely watched by Swedish investors, more than doubled in the first half, to 7.95 billion kronor from 3.86 billion kronor a year earlier.

Volvo said earlier that its first-half profit would include one-time gains of 3.03 billion kronor from its sale of its stake in the Pripps Ringnes brewery and of 221 million kronor from the sale of a stake in the airline SAS.

Volvo's shares closed at 213 kronor, up 9.

(Bloomberg, Reuters)

Analysts Say LVMH Could Prevail

Compiled by Our Staff From Dispatches

PARIS — The chairman of LVMH Moet Hennessy Louis Vuitton SA, Bernard Arnault, looks set to derail one of the biggest mergers in British corporate history and oblige Guinness PLC and Grand Metropolitan PLC to swallow his plan for a three-way alliance, analysts said Tuesday.

People familiar with Mr. Arnault's plan said Tuesday that LVMH, the biggest single shareholder in both Guinness and GrandMet, had sold some of its stake in Guinness to buy more GrandMet shares in order to exert more influence over the companies' planned £24 billion ($40.29 billion) merger.

An LVMH spokesman would not say how many Guinness shares Mr. Arnault had sold or how many GrandMet shares he had bought.

LVMH also declined to confirm reports that Mr. Arnault was traveling to England this week, possibly Thursday, to try to convince Guinness and GrandMet shareholders that his plan would generate more value than would the creation of a sprawling conglomerate.

Mr. Arnault, whose company owned 14.2 percent of Guinness and 6.4 percent of GrandMet as of Monday, wants to hold 10 percent of each company, analysts said. That would enable him to call special shareholder meetings to push his plan to merge their liquor businesses with LVMH's Moet Hennessy Champagne and cognac unit.

The sources said Mr. Arnault was waiting for a go-ahead from Britain's takeover panel to present details to investors on his proposal, which he broadly outlined this month.

Mr. Arnault has criticized the GrandMet-Guinness merger since it was announced in May and has recommended creation of a company that would concentrate on LVMH's, Grand Met's and Guinness's liquor businesses. Mr. Arnault said last week he wanted LVMH to own 35 percent of this new company.

Guinness shares closed at 598 pence, down 11, while GrandMet rose 14 to end at 622. LVMH shares closed at 1,559 francs ($257.41), down 5. *(Reuters, Bloomberg)*

Americans Ride the Dollar to Europe

Strong Currency Helps Spur a Forecast 9.5 Million to Cross Atlantic

By Barry James
International Herald Tribune

PARIS — Shifts in relations between currencies are causing a tourism boom worldwide.

Encouraged by the buoyant U.S. economy and the strength of the dollar, Americans are traveling to Europe in record numbers this year, and a 20 percent appreciation of the British pound against the French franc has produced a sudden 20 percent increase in cross-Channel tourism.

"Currencies are always the big factor in tourism," said Geoffrey Lipman, president of the World Travel and Tourism Council in London. "We are bullish about the industry almost everywhere."

Although there is evidence that Japanese tourists, who have become known as big spenders, are tightening their belts because of economic problems at home, tourism in Asia is growing at a rate of 8 to 10 percent a year, varying from country to country, Mr. Lipman said. This is double the growth rate in Western Europe.

China is emerging both as a major destination, with an estimated 50 million visitors this year, and as a source of tourists. Around 4 million Chinese people are expected to travel beyond their borders this year.

According to the European Travel Commission in Brussels, which compiles statistics from tourist departments of 27 member countries, at least 9.5 million Americans will visit Europe this year — half a million more than last year's record number.

Spain remains the leading European travel attraction, followed by France, Italy and Britain. But although the firming of the dollar makes the United States more expensive for foreign visitors, it remains the top international travel destination.

The popular tourist destinations of Europe, such as Florence, Venice and Paris, were bursting with tourists even before most Europeans began their own summer vacations.

Medieval towns with narrow cobbled streets are crowded with people. Venice, for example, expects to attract well over 400 visitors this year for every resident.

City officials are battling to control the human tide — for example, by banning buses from crowded urban areas in Rome and Florence as well as in Canterbury, England.

"There may eventually have to be some sort of licensing system, although very few places have reached that level yet," Mr. Lipman said.

Although the perky dollar makes Europe seem cheaper to Americans than it has for a long time, the benefits are not all one-way. For example, many tourist attractions that used to be free now charge often quite hefty entrance fees. Canterbury Cathedral, a favorite spot for American visitors, even charges to step inside the grounds surrounding the church.

But generally speaking, according to Walter Leu, executive director of the European Travel Commission, "Americans are starting to realize that Europe is good value for their money again. It is becoming reasonably priced."

Mr. Leu said Americans were especially welcome because they spent between two and four times as much as the average European tourist. He said the Americans were increasingly headed for cultural events and festivals.

This is good, he said, because "100 uneducated tourists cause more harm than 10,000 educated ones."

The tourist boom is good for jobs. Dublin has increased its number of hotels from 81 to 93 over the past two years and still has trouble meeting demand. A further 14 hotels are planned.

Tourism accounts for about 5 percent of gross domestic product in the European Union, and this appears set to rise. The European Commission, the EU's executive body, plans to sharply increase its funding in support of the tourist industry.

Mr. Lipman said tourism's contribution to gross domestic product in Europe was probably in the region of 12 percent, including construction spending and enhanced retail sales.

"We believe that we are generating more jobs than any other sector," he said — probably as many as 2 million jobs in the EU over the next 10 years and even more in Eastern Europe, where facilities still lag behind the need.

Mr. Leu said the European travel sector was in tough competition with Asia, America and the cruise industry and had to offer quality and value for money to get people to come, and come back.

The tourist boom in Eastern Europe that followed the collapse of communism is ebbing, Mr. Leu said, and East European destinations will have to realize that "they must increase the quality and not just raise the price."

Yves Herman/Reuters

RENAULT VOTE — A man casting his ballot Tuesday on whether to accept a take-it-or-leave-it layoff plan at a plant the company plans to close in Vilvoorde, Belgium. Workers approved the referendum.

STRATEGY: *Branching Out*

Continued from Page 13

modified version of its A319 as a corporate jet.

In January, Boeing Business Jets was folded into the new Boeing Enterprises division, which has moved quickly into other ventures. In March, it joined forces with Flightsafety International, a company acquired last year by the investor Warren Buffett's Berkshire Hathaway Inc., to train commercial-jet pilots. And in May, Boeing Enterprises agreed to a joint venture with Aero Vodochody AS, a Czech manufacturer of military jet fighters.

Mr. Clarkson said Boeing Enterprises was considering a number of other businesses. One is heavy maintenance of aircraft, work that many airlines prefer to farm out to subcontractors. If it proceeds with that idea, Boeing may find itself competing against some of its airline customers. Lufthansa AG, for example, handles heavy maintenance for more than 100 airlines. Lufthansa said it did not see Boeing conflicting with its interests unless Boeing went after some of its maintenance clients.

Boeing executives declined to predict how much revenue Boeing Enterprises might generate in coming years. But Nicholas Heymann, aerospace analyst at Prudential Securities, has estimated that Boeing Enterprises could take in $5 billion by 2000, with operating profit margins of about 20 percent to 25 percent. He also predicted that the division would grow 8 percent to 10 percent a year.

One thing about Boeing's new strategy is clear: Boeing will now leave behind fewer curiosities for historians.

When the aircraft industry slumped in 1918 after the end of World War I, for example, Boeing tried to augment its modest plane-building business by making flat-bottomed boats called sea sleds and furniture like dressers and phonograph cases.

The next big push to diversify came after World War II, when the company tried the turbine-engine business.

In the late 1960s, when business was so slow that Boeing at one point went 18 months without getting a single order, the company built passenger and military hydrofoils, wind-powered turbines, public-transit equipment, even police radio scramblers.

But as demand picked up for planes, particularly with airline deregulation in 1978, Boeing eventually left all these businesses to focus on the products and customers it knew best.

TRAVEL: *Low Inflation, Strong Economy and Booming Markets Prompt Many to Hit the Road*

Continued from Page 1

travel," said Laurie Winkelman, president of Jaguar Travel Group in Alexandria, Virginia. "We're seeing people who haven't traveled in possibly the last two or three years."

Italy and France are proving particularly appealing this season to travelers eager to take advantage of the strength of the dollar against European currencies, agents said. The dollar was trading near 6.06 francs on Tuesday, compared with about 5.06 francs a year ago, and at 1,749 lire, up from 1,515 lire in 1996.

In the United States, Disney World has been a big draw for families, as have national parks in California and Arizona and cruises to Alaska, travel agents said.

But the boom is not evenly spread. Some tourist sites, including several national parks, have had slight declines in the number of visitors. Yellowstone National Park in Wyoming, for example, has had a 5 percent drop for the first six months of the year, while the Grand Canyon has experienced a 2 percent decline.

But in general, more travel is leading to fewer vacancies and higher prices, travel agents said. Prices for hotels, food and airlines in both the United States and overseas, they said, have risen over the past year. The overall cost of traveling in the United States rose 3.1 percent in May from the year-earlier month, according to the Travel Industry Association's monthly price index, while the consumer price index rose 2.2 percent.

Airline ticket prices also have jumped, rising 6.5 percent in May from a year earlier, according to the industry group's index, but Americans are still flying.

Airlines' load factor, or the percentage of seats filled per flight, reached 71 percent in May, up 3.1 percentage points from a year earlier, according to the Air Transport Association of America, an airline industry trade group.

Consumers are willing to pay more as long as the economy remains strong, industry specialists said. That is linked closely to the "wealth effect," in which consumers do not mind spending more because the value of their investment portfolios has risen enough to make them feel richer, several economists said.

The "wealth effect" in the minds of many consumers "reduces the imperative for savings because the market has done it for them," said Mr. Prakken of Macroeconomics Advisers. Consumers "don't have to sell the stock to do the spending," he said.

Disposable income, or the income an individual has left after paying expenses and taxes, has grown steadily in the United States since 1994. For the first quarter of 1997, disposable income rose 3.23 percent, to $5.1 trillion, according to the Commerce Department.

For a time, Americans directed the extra cash toward such big-ticket items as housing, education, automobiles and household appliances. But as the economic good times continue, people are shifting more money toward summer vacations.

Consumers are approaching travel with an eye toward "value hunting," said Barbara Katz, senior travel counselor at the American Express Travel office in Boston. "Consumers are more focused on getting an experience and value for the dollar rather than the cheaper price."

For example, travel agents said, cruises to Alaska have grown in popularity over the past several years, largely because they appeal to travelers who want a special experience, as they take in majestic views of the state's landscape from onboard or go backpacking once the ship docks.

Crystal Cruises is nearing capacity on its six 12-day cruises to Alaska this season, although prices run from $4,136 to $14,891 per person in a double-occupancy room, a spokesman said.

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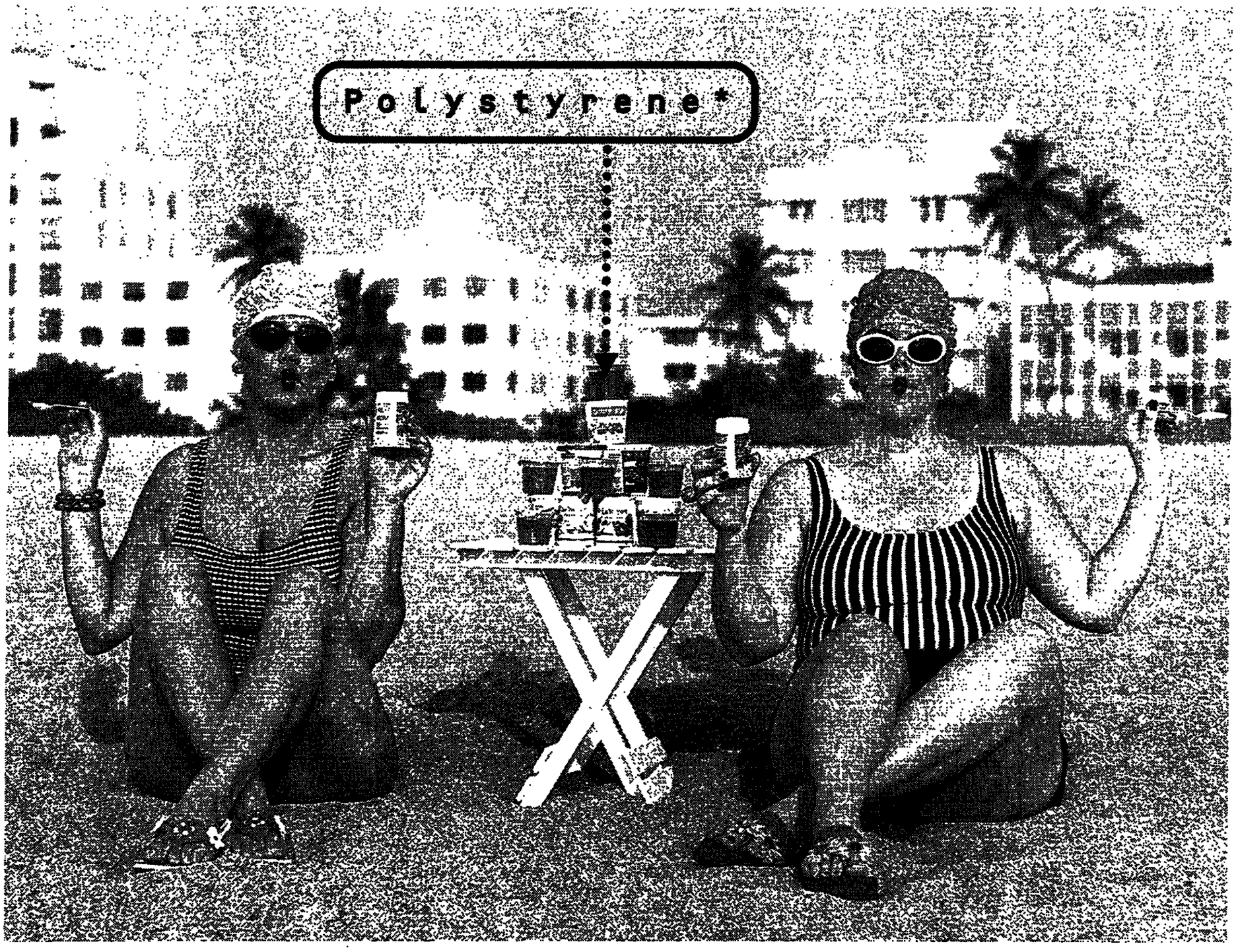
good morning!



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WORLD ROUNDUP

Ronaldo Can Move

SOCCER FIFA, the governing body of world soccer, cleared the way Tuesday for Ronaldo, the world's most expensive player, to join Inter Milan. FIFA decided that the 20-year-old Brazilian striker was free of any contractual obligations with Barcelona and authorized the Italian Football Federation to register Ronaldo with immediate effect as an Inter player. *(Reuters)*

Coach Is on the Run

SOCCER The coach of Metalurg Mariupol, the bottom team in the Ukrainian Premier League, is on the run from the police after being banned for life for allegedly beating a referee last week.

Police units were dispatched to the city of Luhansk after reported sightings of Yuri Pohrebnyak, but so far they have not tracked him down, Olexander Tkachenko, a police official, said Tuesday.

"No one has seen Pohrebnyak since the incident," said Ivan Haivoronsky, an official with the soccer authorities for Ukraine's Donetsk region. "He's simply disappeared."

Pohrebnyak was banned after allegedly leading a mob that attacked the referee and a linesman in their hotel room after a 5-2 home loss to Vorskla Poltava. *(Reuters)*

Portuguese GP Canceled

FORMULA ONE The rescheduled Portuguese Grand Prix was canceled Tuesday.

The race had originally been scheduled for Oct. 26, but was replaced with the European Grand Prix at Jerez, Spain, when it appeared that safety work at the Estoril track would not be finished in time.

The Portuguese Economy Ministry then said the track would be ready Nov. 9.

FIA, which runs the sport, said it needed unanimous approval from the teams for the new date. Although a majority were in favor, some, thought to include McLaren, Ferrari and Sauber, voted against. *(Reuters)*

Jayasuriya Blasts Century

CRICKET Sanath Jayasuriya hammered a 108 off 83 balls Tuesday to set Sri Lanka on its way to a 103-run victory over Bangladesh in an Asia Cup match in Colombo.

Jayasuriya powered Sri Lanka to 296 for four in 46 overs. He hit 24 runs in one over against bowler Akram Khan facing the last five balls and striking two 6s, then two 4s and then another 6. Bangladesh made 193 for eight. *(Reuters)*

Denny Cook/The Associated Press

Sanath Jayasuriya setting off for another run on Tuesday.

Jean-Paul Pelissier/Reuters

Cyclists riding under sunny skies in the Swiss Alps on Tuesday in the 16th stage of the Tour de France.

Lotto Rides on Sunny Day's Dark Side

Team, Whittled Down to 4, Seeks Simply to Survive the Tour

By Samuel Abt
International Herald Tribune

FRIBOURG, Switzerland — What a grand morning it was in the Alps. Birds sang in the fir trees, the sun glinted off distant glaciers, the breeze brought the scent of fresh-cut hay in meadows speckled with wild irises.

Bah, or a word to that effect, said Jean-Luc Vandenbroucke, no reader of Wordsworth. Instead he is the *directeur sportif*, or coach, of the Lotto team in the Tour de France, a job roughly comparable to captain of the Titanic.

Starting with nine riders July 5 like all 22 teams in the bicycle race, Lotto has

TOUR DE FRANCE

lost men to all conceivable causes except kidnapping.

One rider was banished for failing a drug test, another fell sick and had to quit, and then three finished so far behind in the stage to Courchevel on Sunday that they were eliminated.

None of the other major teams have so few riders left in the Tour.

"A gray day, but not a black day," said Vandenbroucke, who honed his chromatic distinctions while traveling down this path two years ago. The black day occurred when five Lotto riders were disqualified for lateness in crossing an Alpine finish line in the 1995 Tour.

That left his active roster at two men. Vandenbroucke well remembers the embarrassment of leading just those two riders through the final stages of the three-week Tour, so he is relatively upbeat about having the luxury of double that number.

Nevertheless, his eyes were red-rimmed — perhaps from loss of sleep — when he spoke in an interview about the latest problem. "It was even worse when we were down to two riders," he said in a low voice. "I hope we can get all four to Paris" where the Tour ends Sunday. "I hope four, I really hope."

Lotto's chances improved Tuesday when the pack of 143 men crossed the last major climbs during a 181-kilometer (113-mile) trip from the French resort of Morzine to the Swiss city of Fribourg. Once the race returns to the mother country Wednesday, the roads will be more or less flat and favor the riders' chances of reaching the Champs-Elysees.

This 16th of 21 daily stages, conducted in continuing sunny and warm weather before big crowds, was won in a sprint by Christophe Mengin, a Frenchman with La Francaise des Jeux. He finished about two bicycle lengths ahead of Franck Vandenbroucke, a Belgian with Mapei who is the Lotto leader's nephew, in a time of 4 hours, 30 minutes, 11 seconds. Richard Virenque, a Frenchman with Festina, the man in the best climber's jersey and the No. 2 rider overall, was third.

Jan Ullrich, a German with Telekom, was 11th in the sprint and untroubled in the yellow jersey of the race's leader, with 6:22 over Virenque. But Bjarne Riis, a Dane with Telekom and the defending Tour champion, cracked on the day's major climb, the Croix Pass, and dropped from fourth place to seventh overall.

That appeared to end the battle for third place, which was the only battle remaining. Marco Pantani, an Italian with Mercatone Uno, remained in third and seems untouchable in the long time trial Saturday on the flat.

It was Pantani who noticed that Riis had fallen behind in the climb. The Italian put the pedal to the metal and began opening a gap that finally left Riis 6:12 down at the finish.

No Lotto rider was prominent in the stage because survival, not risk-taking, is the corporate strategy now.

Staring sullenly out the window of his hotel at the explosion of nature's wonders, Vandenbroucke denied that he was crushed. Disappointed, yes, but only up to a point.

"For the Tour, I'm disappointed," he said. "For the season as a whole, no. We're a team with a moderate budget, which isn't enough to do well in the Tour de France." His team gets about $3 million a year from its sponsor, the Belgian national lottery, and that is about half of what most other teams in the race spend.

"But we're first in the World Cup," he continued, referring to the series of prestigious one-day races, known as classics, in the spring and fall. "We have a team for the classics. Normally you'd have one team for the classics, another for the Tour, but for us, that's impossible" because of budget.

Still, he went on, "on paper, we came to the Tour with a strong team. But we lost our best climber, Andrei Teteriouk, because he was sick. And then there was Abdou." Djamolidine Abdoujaparov, an Uzbek who has won nine Tour stages, tested positive in a doping check and was ousted from the race before being fired by Lotto.

"He was a rider I counted on," Vandenbroucke said. "He was a key rider for the Tour."

Outside, the Lotto flotilla of four team cars, a supply truck and a small bus was being whittled down to the vehicles needed for four riders and their support staff. Vandenbroucke was glum.

Nothing left to hope for?

"To continue surviving," he replied. "Without riders in the race, what can you hope for?"

Peter Dejong/The Associated Press

Christophe Mengin triumphant after winning the stage Tuesday.

Hard-Headed Business For Soft-Headed Stars

Soccer Should Think About Players' Brains

By Rob Hughes
International Herald Tribune

LONDON — Does soccer need its head examined?

I ask that in two different frames of mind. There is genuine cause for concern when a team doctor contends that Jurgen Klinsmann, Germany's captain,

WORLD SOCCER

was put at risk after suffering a concussion and was obliged to play within four days without neurological screening.

Machismo over-riding sanity.

Then there is Paolo Di Canio, a winger hypnotic on the ball, yet so erratic he is something of a head case.

First, Klinsmann. On his debut for Tottenham Hotspur against Sheffield Wednesday in August 1994, Klinsi was knocked out by a fearful clash of heads. Patrick Keating, the doctor attending him, said Klinsmann was unconscious for three minutes and showed signs of an epileptic fit.

In most contact sports, concussion signals automatic suspension until the fear of brain damage is eliminated. Soccer, while demanding that players head a fast-moving ball, is retarded in logic; no authority cares sufficiently to guard against percussive blows to the brain.

Klinsmann is as cerebral as soccer players come. When he arrived at Tottenham, the English insinuated that he was a "diver," a performer who feigned injury. He proved a point. He had a headache, he was bloodied, but he "insisted" on playing against Everton four days later. He scored twice.

A couple of months — and perhaps mercifully not a matter of days — later he suffered another concussion, bodychecked by Mark Bosnich, Aston Villa's hot-headed Australian keeper. By then "Our Jurgen" had earned his badge as a full member of the British macho set.

He appears to have gotten away with it. He didn't develop migraines; he hasn't forgotten how to score; he's had lucrative seasons in Munich and is moving on to Sampdoria in Genoa.

But the medic who watched over him on that Sheffield pitch has not fared so well. At a London industrial tribunal last week Keating claimed he was constructively dismissed "because I was not prepared to bend the rules and compromise the health of players."

Keating, a general practitioner, accused Alan Sugar, who runs Tottenham Hotspur, and Tony Lenaghan, the team physiotherapist, of ignoring his advice to consult a neurologist before allowing Klinsmann to head a ball.

"Lenaghan told me I was very naive about the politics and economics of the situation," Keating told the tribunal. "The physiotherapist told me the club was very angry with me and that I was to keep a low profile."

In a statement, Lenaghan denied those remarks, and insisted that a specialist examined Klinsmann "as soon as the player was prepared to see him."

This rebuttal, and the club's assertion that it was "ludicrous to suggest health was less important than money," were not cross-examined. The hearing was dismissed on the technicality that the doctor, who resigned after being dropped from first team duty, had only *part-time* employment at the club.

Keating may seek redress in the European Court. Meanwhile, Klinsmann's concussion might concern 300 of the world's best paid players earning England's high pound.

Part of the grumbles Fabrizio Ravanelli, the Italian striker, had of his first season with Middlesbrough was about medical backup. He is reputedly paid $64,000 a game, yet when he tweaked a hamstring he flew home to Italy to have it massaged.

On Tuesday, Ravanelli suddenly reversed his decision to quit Middlesbrough. We may never know whether his doubts were in the head, the heart or the bank balance. His mutterings are that the money is fine but the games are too furious and too many, and the preparation backward.

Still in dispute, in limbo and in Italy, is Paolo Di Canio. From his agent's nest in Florence, Di Canio says he might need treatment for stress.

It is self-induced. His style is a throwback to individualistic wingplay. He pleases the crowds, but he cannot settle. He has played in Rome, Naples and Milan. He thrilled to deceive in Glasgow where Celtic lured him for $4.5 million.

In white boots — and once golden ones — he dazzled and he disrupted. For some reason, referees sent him off for fighting or for foul language; for some reason Celtic fined him two weeks' pay for a one-player rebellion against Fergus McCann, the club chairman.

A player who put fantasy into the play, he appeared to fantasize outside it. He has a kindly side, donating those gold boots to an auction for a children's charity, and shunning publicity for doing so.

Di Canio is the epitome of the soccer showman — pleasing the gallery rather than conforming to the team plan, giving to underprivileged kids, yet, say Celtic, going absent at crucial times to extort more money from his club.

Celtic says Di Canio wants more than the $20,000 weekly salary he agreed to for the next three years. Di Canio, absent without leave while the team rehearses for a UEFA Cup game in Cardiff on Wednesday, thinks himself above the cause.

In Belgrade, also Wednesday, FK Partizan is due to contest a Champions' League qualifying match against NK Croatia Zagreb. The teams have been rivals for decades, but this is the first meeting since Yugoslavia broke apart.

Wednesday is thus a milestone, a sudden test of security and feelings after the Serb-Croat war. "This is a chance for football to bring two countries together on the field of play," enthuses Gerhard Aigner, general secretary of UEFA, the governing body of European soccer. "a great opportunity to improve the relationship between two countries which have been in conflict."

Idealism, through sport, is the goal. Let us pray the players keep their heads.

Rob Hughes is on the staff of The Times of London.

■ Serbian Police Put on Alert

The Serbian police have been put on alert, and tough security measures have been imposed on the sold-out Yugoslav People's Army stadium for Wednesday's European Cup match between Croatia Zagreb and Partizan Belgrade.

All fans will be searched and objects as small as cigarettes lighters confiscated, said Zarko Zecevic, Partizan's general secretary. Car parking has been banned within a circle of a radius of 500 metres (550 yards) around Partizan's stadium.

The two teams agreed last week not to allow each others' fans to travel to the away matches in the two-legged meeting but some said they would try to attend. The Yugoslav embassy in Zagreb has refused to issue visas to Croatian fans.

Marijan Vlak, the Zagreb coach, said he had told his players to ignore taunts.

"We realize we aren't going to the theater and all sorts of things are going to be shouted at us from the stands," he said. "But they can't hurt us as long as they don't invade the pitch."

"The war started with soccer *riots*," said Nenad Bijekovic a Partisan director, referring to a clash between Croatia, then Dinamo, and Red Star Belgrade in 1990 when Zvonimir Boban, the Zagreb star, kicked a policeman. "We hope that the still-existing tensions will formally end with this soccer match."

Daca Mihajlovic, a Partizan fan, said: "We'll call it the truce. We badly miss the good old days when we fought gallant battles with Croatian fans in the stadiums.." *(AP, Reuters, AFP)*

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PEDALING FOR GLORY

International Herald Tribune editor Samuel Abt has been writing about bicycle racing for two decades. In his new book, he covers the 1996 pro bicycle racing season – one of the most dramatic in history. From the ice and snow of the early races in March to the sweltering heat at the Summer Olympics, the book follows the races and the racers in what Greg LeMond once described as the toughest job in the world.

Pedaling for Glory (US$14.95) can be ordered through quality bookstores everywhere or from:

Motorbooks International, POB 1, Osceola, Wisconsin, USA 54020.

No. 99 Is Trying Hard To Leave Past Behind

The Associated Press

Play after play, No. 99 in the blue jersey is stuffing things in the middle of the line or hustling to chase down a runner.

Christian Peter, clearly the most visible newcomer in the New York Giants' training camp, is taking full advantage of a second chance.

"This has been a lot of fun," said the former Nebraska nose tackle, out of football last season after a bout with alcoholism and legal problems ranging from sexual assault to urinating in public.

"I'm having a good time, but I feel rusty. I feel as long as I stay focused and study and work hard, it will all come into play."

New England selected Peter in the fifth round of the 1996 draft, but cut him days later after coming under fire because of his legal problems at Nebraska. The former New Jersey prep star signed with New York in December.

"I'm doing the best I can. If it's not good enough, at least I can look at myself and say I did the best I could," Peter said Monday after practice at Albany, New York. "I can't change what has happened in the past. I can just go forward, that's what I plan on doing."

Peter joined the Giants after agreeing to participate in a rehabilitation program that included substance abuse treatment and psychological counseling, treatment for attention deficit disorder and a program to complete his undergraduate degree. He did all that, and is off to a fast start in camp.

"I would say from the first day I laid my eyes on Christian, he is one guy who has gotten better every day," said Denny Marcin, the defensive line coach. "He has done everything and even more than we have asked. He knows he has a second chance and he is making the most of it."

Alvarez Fans 4 Tigers In Inning as Sox Win

The Associated Press

Wilson Alvarez became the first Chicago White Sox pitcher to strike out four batters in an inning as the White Sox beat the Detroit Tigers, 3-0.

"I don't think about that," Alvarez said after becoming the 28th pitcher in modern Major League history to post four strikeouts in an inning in the team's Monday night victory. "But I like to be in the history book when the White Sox win."

In the seventh inning, Tony Clark was first up for Detroit — and the first to strike out. Then Phil Nevin fanned on a wild pitch but

Baseball Roundup

reached first base safely when the catcher couldn't handle the ball. Alvarez (9-7) then struck out Melvin Nieves and Orlando Miller to end the inning.

Alvarez worked 7⅓ innings, striking out nine and giving up three hits. He has won six of his last seven decisions.

Frank Thomas, who ended a 1-for-13 slump with four hits Sunday at Baltimore, hit a two-run homer in the first inning. Thomas went 2-for-3, raising his American League-leading average to .375.

Yankees 7, Brewers 3 In Milwaukee, Andy Pettitte picked off two runners to increase his league-leading total to 11 as he won his fourth straight decision.

Pettitte (12-5), who gave up three runs and nine hits in 6⅔ innings, has not lost since June 21 at Cleveland.

New York took a 3-0 lead in the first inning with the aid of two errors, three stolen bases and a hit batter, then added a run in the second on Pat Kelly's double.

After Milwaukee closed to 4-3, the Yankees added three runs in the ninth on consecutive run-scoring singles by Paul O'Neill, Tino Martinez and Charlie Hayes. It was Martinez's league-leading 92d run batted in.

Orioles 5, Rangers 1 Rafael Palmeiro put Baltimore in front for good in Texas with a two-run homer to back Jimmy Key's six-hit pitching for six innings.

Key (13-6) struck out seven and walked one to pull out of a tailspin during which he had lost five of six decisions. Key outpitched Darren Oliver, who allowed four runs and six hits in 6⅓ innings.

Red Sox 3, Indians 1 Steve Avery had a no-hitter for five innings and won his second straight start as Boston took three of four in Cleveland.

Avery, who hasn't pitched a complete game since May 1996 with Atlanta, didn't allow a hit until Julio Franco singled leading off the sixth. The left-hander allowed one run and four hits in 7⅓ innings, pitching into the seventh for the third straight time.

In the National League:

Pirates 3, Phillies 2 The fans at Veterans Stadium in Philadelphia got their last look at Darren Daulton in the Phillies dugout and gave him a standing ovation.

Later Monday, when they cheered Curt Schilling's 15-strikeout performance, that too might have been a farewell.

Schilling, the subject of several trade rumors, set a National League record for strikeouts this season. But the last-place Phillies lost to the Pirates when a rookie, Kevin Polcovich, hit a tiebreaking home run in the seventh inning.

Before the game, the Phillies traded Daulton, who began playing for the team in 1983, to Florida for outfielder Billy McMillon.

Padres 10, Marlins 2 San Diego whacked 15 hits, and the Marlins turned to the outfielder John Cangelosi. He pitched a scoreless ninth inning, but it was too late to save the game.

San Diego's Wally Joyner went 3-for-4 with two walks. He scored twice and stole two bases. Needing a home run to complete the cycle, he flied out against Cangelosi. Cangelosi became the first position player to pitch for the Marlins. He allowed just a walk. He pitched for Pittsburgh in 1988 and Houston in 1995, and has given up only one hit in four shutout innings.

Expos 8, Rockies 4 Henry Rodriguez broke a 7-for-76 slump, hitting a grand slam with two out in the bottom of the ninth inning in Montreal. Rodriguez was 0-for-4 in the game and hitless in his last 13 at-bats when he hit a 1-2 pitch from Darren Holmes just inside the right-field foul pole.

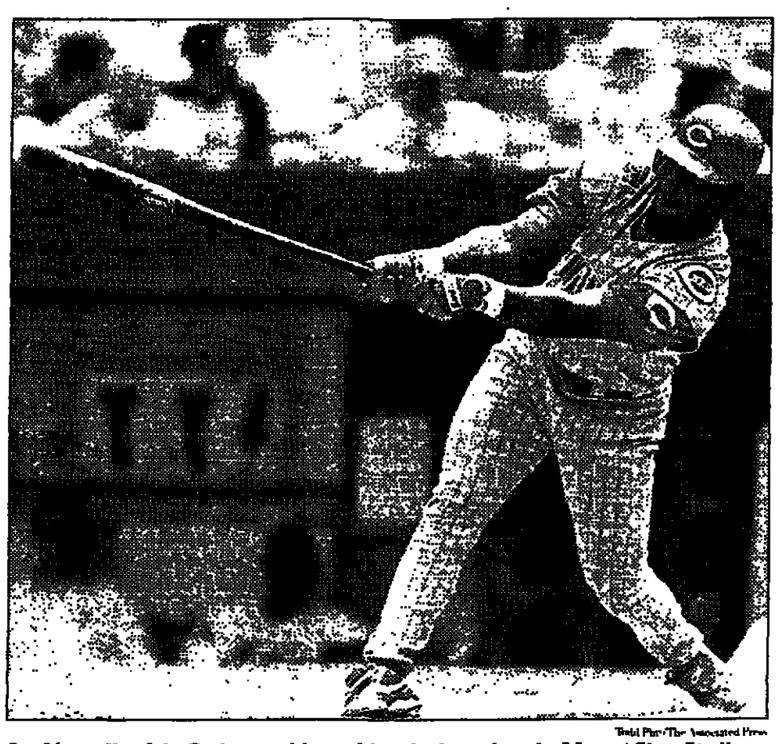
Mets 5, Reds 3 Carl Everett hit two home runs at Shea Stadium, leading New York to its fifth straight win. The Mets moved within one-half game of Florida for the National League wild-card spot.

Braves 5, Dodgers 4 Jeff Blauser singled home the winning run with two outs in the bottom of the 10th at Atlanta. The Braves went 6-6 on their longest home stand of the season.

Cardinals 7, Giants 2 Gary Gaetti homered, doubled twice and drove in three runs as the Cardinals won in St. Louis.

The Cardinals won three of four from the National League West leaders.

The San Francisco leadoff hitter Darryl Hamilton was ejected for arguing a called third strike to open the game; Giants manager Dusty Baker also was thrown out in the dispute.



Todd Plitt/The Associated Press

Jon Nunnally of the Reds stretching to hit a single against the Mets at Shea Stadium.

Yankees' Whiten Held in Sex Case

By Jack Curry
New York Times Service

MILWAUKEE — Mark Whiten, an outfielder for the New York Yankees, has been arrested for investigation of second-degree sexual assault, the police said, saying the charge arose from an incident at the team's hotel in the early morning hours last Saturday.

Sergeant Earnell Lucas said that an investigation had pointed to the second-degree sexual assault of a 31-year-old Wisconsin woman at the Pfister Hotel. The police would not disclose any further details Monday.

The alleged incident took place two days after Whiten's wife gave birth to the couple's second child.

A police official said the district attorney's office would review the case beginning Tuesday and decide if charges would be brought.

Second-degree assault was described as a class C felony, carrying a maximum penalty of 10 years in prison.

The Yankees declined comment on the case, the second sex-related arrest of a Yankee player at the same hotel. Luis Polonia was arrested there in 1989 for having sex with a 15-year-old girl. He pleaded no contest to a misdemeanor charge, serving a 60-day jail sentence.

Whiten, 30, missed two games on this road trip to return to Clearwater, Florida, to be with his wife, Sheri, who gave birth to a boy, Devin Anthony, on Thursday.

Manager Joe Torre also declined to discuss the situation. When Torre was asked if Whiten was expected to travel with the Yankees back to New York after Monday night's game, he simply said, "I hope so."

Early this season, George Steinbrenner, the Yankees' principal owner, said he was upset with Whiten for accompanying the pitcher Dwight Gooden to a strip club in Arlington, Texas, on May 17. Gooden left the strip club by himself and fought with a cab driver after a dispute over a $4.20 fare. The pitcher avoided a possible misdemeanor assault charge by settling out of court.

■ New Baseball Chief

Paul Beeston, president of the Toronto Blue Jays, is about to be hired as baseball's chief operating officer, a move that could lead to Bud Selig accepting a permanent term as commissioner, The Associated Press reported from New York.

Beeston, president of the Blue Jays for nearly eight years, plans to move to New York and run the commissioner's office on a day-to-day basis while Selig continues to operate out of his office in Milwaukee.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	59	37	.615	—
New York	56	41	.577	3½
Toronto	45	49	.479	13
Detroit	45	52	.464	14½
Boston	45	53	.459	15

CENTRAL DIVISION

Cleveland	51	41	.554	—
Chicago	50	47	.515	3½
Milwaukee	45	49	.479	7
Minnesota	44	52	.458	9
Kansas City	38	55	.409	13½

WEST DIVISION

Seattle	55	43	.561	—
Anaheim	54	43	.557	½
Texas	47	50	.485	7½
Oakland	40	60	.400	16

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	63	36	.636	—
Florida	56	41	.577	6
New York	56	42	.571	6½
Montreal	52	45	.536	10
Philadelphia	29	67	.302	32½

CENTRAL DIVISION

Houston	51	48	.515	—
Pittsburgh	49	49	.500	1½
St. Louis	48	50	.490	2½
Cincinnati	42	55	.433	8
Chicago	41	57	.418	9½

WEST DIVISION

San Francisco	55	44	.556	—
Los Angeles	52	47	.525	3
San Diego	47	52	.475	8
Colorado	45	55	.450	10½

MONDAY'S LINESCORES

AMERICAN LEAGUE

Boston	001	100	100—3	8	0	
Cleveland	000	001	000—1	4	0	

Avery, Corsi (8), Slocumb (9) and Hatteberg; Jr.Wright, Mesa (7), M. Jackson (9) and S. Alomar, Borders (5). W—Avery 4-2. L—Jr.Wright 2-1. Sv—Slocumb (15).

Chicago	200	010	000—3	10	2	
Detroit	000	000	000—0	4	0	

Alvarez, Karchner (8), R. Hernandez (9) and Karkovice; Ju.Thompson, Jarvis (4) and Wallbeck. W—Alvarez, 9-7. L—Ju.Thompson, 8-7. Sv—R. Hernandez (25). HR—Chicago, F. Thomas (23).

New York	310	000	003—7	12	1	
Milwaukee	000	001	200—3	9	2	

Pettitte, Nelson (7), Stanton (8) and Girardi; Florie, Adamson (6), Wickman (9), Villone (9) and Matheny. Stinnett (8). W—Pettitte 12-5. L—Florie 1-2. Sv—Stanton (1).

Baltimore	000	002	210—5	8	0	
Texas	100	000	000—1	8	0	

Key, Te.Mathews (7), Orosco (8), A. Benitez (8) and Webster; D.Oliver, X. Hernandez (7), Vosberg (8) and I. Rodriguez. W—Key 13-6. L—D. Oliver 6-10. HR—Baltimore, R. Palmeiro (19).

NATIONAL LEAGUE

Cincinnati	000	011	100—3	7	0	
New York	010	002	02x—5	4	0	

Burba, Remlinger (6), Sullivan (7) and J. Oliver; B.J. Jones, McMichael (8), Franco (9) and Hundley. W—McMichael, 7-7. L—Sullivan, 1-3. Sv—Franco (25). HRs—Cincinnati, Nunnally (2), J.Oliver (8). New York, Everett 2 (11).

Pittsburgh	000	002	100—3	7	1	
Philadelphia	000	200	000—2	8	0	

Loaiza, Ruebel (7), M. Wilkins (7), Loiselle (9) and Osik; Schilling, Brewer (9), Spradlin (9) and Lieberthal. W—Loaiza, 7-7. L—Schilling, 11-9. Sv—Loiselle (14). HRs—Pittsburgh, A. Martin (8), Polcovich (2).

Los Angeles	003	000	010	0—4	6	1
Atlanta	110	100	100	1—5	14	2

(10 innings) – Nomo, Radinsky (7), Hall (8), Guthrie (9), Dreifort (10) and Prince; Glavine, C. Fox (7), Wohlers (9), Embree (10) and Eddy, Perez. W—Embree, 2-1. L—Dreifort, 3-1. HRs—Los Angeles, Mondesi (21), Karros (23). Atlanta, McGriff (13).

San Diego	012	001	420—10	15	0	
Florida	000	101	000—2	5	1	

Hitchcock, Brooke (6), Boehlar (7), Bergman (9) and Romero; K.J.Brown, Hutton (7), Cook (8), Cangelosi (9) and C. Johnson. W—Hitchcock, 6-5. L—K.J.Brown, 9-7. HR—Florida, Sheffield (12).

Colorado	000	100	300—4	10	1	
Montreal	000	101	105—8	19	2	

Thomson, Dipoto (7), M. Munoz (8), S. Reed (8), Holmes (9) and Je.Reed; Bottalico, Telford (7), D. Veres (8), Urbina (9) and Widger. W—Urbina 3-4. L—Holmes 3-2. HRs—Colorado, Bichette (14), Montreal, Santangelo (5), H. Rodriguez (19).

San Francisco	000	100	001—2	7	0	
St. Louis	304	000	00x—7	13	1	

Foulke, Roa (3), Johnstone (4), Poole (7), Beck (8) and B.Johnson; Morris, Fossas (7), Beltran (9) and Lampkin. W—Morris 7-6. L—Foulke 1-5. HRs—San Francisco, B. Johnson (1). St. Louis, Gaetti (12).

AMERICAN LEAGUE LEADERS

	G	AB	R	H	Avg.
FThomas ChW	84	309	68	116	.375
SAlomar Cle	74	273	42	96	.352
WClark Tex	84	306	45	106	.346
O'Neill NYY	91	337	58	114	.338
IRodriguez Tex	93	383	63	129	.337
MVaughn Bos	77	284	59	95	.335
Justice Cle	74	262	48	87	.332
EMartinez Sea	98	352	72	117	.332
Cora Sea	91	356	67	118	.331
Ramirez Cle	84	311	50	101	.325

RUNS—Knoblauch, Minnesota, 79; E. Martinez, Seattle, 72; Garciaparra, Boston, 70; Jeter, New York, 69; Griffey Jr, Seattle, 69; F. Thomas, Chicago, 68; Durham, Chicago, 67; T. Martinez, New York, 67; Cora, Seattle, 67.

RBI—T. Martinez, New York, 92; Griffey Jr, Seattle, 89; F. Thomas, Chicago, 86; McGwire, Oakland, 79; ToClark, Detroit, 77; J. uGonzalez, Texas, 77; Belle, Chicago, 77.

HITS—I. Rodriguez, Texas, 129; Garciaparra, Boston, 120; Cora, Seattle, 118; Jeter, New York, 117; G. Anderson, Anaheim, 117; E. Martinez, Seattle, 117; F. Thomas, Chicago, 116.

DOUBLES—Cora, Seattle, 31; D. Neill, New York, 31; JnValentin, Boston, 30; R. Davis, Seattle, 28; Cirillo, Milwaukee, 27; I. Rodriguez, Texas, 27; A. Rodriguez, Seattle, 26.

TRIPLES—Garciaparra, Boston, 8; Jeter, New York, 6; Bumitz, Milwaukee, 6; Knoblauch, Minnesota, 6; Offerman, Kansas City, 5; Vizquel, Cleveland, 5; Alicea, Anaheim, 5.

HOME RUNS—McGwire, Oakland, 34; T. Martinez, New York, 33; Griffey Jr, Seattle, 30; Thome, Cleveland, 26; Bonner, Seattle, 25; T. oClark, Detroit, 23; F. Thomas, Chicago, 23.

STOLEN BASES—B. LHunter, Detroit, 48; Nixon, Toronto, 42; Knoblauch, Minnesota, 38; T. Goodwin, Kansas City, 32; Vizquel, Cleveland, 23; Durham, Chicago, 21; A. Rodriguez, Seattle, 20.

PITCHING (11 Decisions)—RaJohnson, Seattle, 13-2, .867, 2.33; Clemens, Toronto, 15-3, .833, 1.62; Moyer, Seattle, 10-3, .769, 4.74; Radke, Minnesota, 13-5, .722, 3.68; Dickson, Anaheim, 10-4, .714, 3.25; Mussina, Baltimore, 10-4, .714, 3.37; D. Wells, New York, 10-4, .714, 3.48; Cone, New York, 10-4, .714, 2.49.

STRIKEOUTS—RaJohnson, Seattle, 198; Cone, New York, 176; Clemens, Toronto, 166; Mussina, Baltimore, 135; Appier, Kansas City, 127; C. Finley, Anaheim, 123; Fassero, Seattle, 114.

SAVES—M. Rivera, New York, 30; RaMyers, Baltimore, 27; R. Hernandez, Chicago, 25; DaJones, Milwaukee, 23; Wetteland, Texas, 19; Aguilera, Minnesota, 18; Taylor, Oakland, 17.

NATIONAL LEAGUE LEADERS

	G	AB	R	H	Avg.
LWalker Col	96	359	90	141	.393
Gwynn SD	94	384	64	148	.385
Piazza LA	94	337	57	120	.356
Joyner SD	79	275	42	95	.345
Lofton Atl	68	288	51	99	.344
Blauser Atl	95	323	61	110	.341
MaGrace ChC	88	316	50	104	.329
Lankford StL	78	289	59	94	.325
Alfonzo NYM	87	298	44	95	.319
Galarraga Col	96	376	72	119	.316

RUNS—L. Walker, Colorado, 90; Biggio, Houston, 85; Galarraga, Colorado, 72; Bonds, San Francisco, 71; Bagwell, Houston, 69; Olerud, New York, 68; EcYoung, Colorado, 67.

RBI—Galarraga, Colorado, 93; Bagwell, Houston, 88; Gwynn, San Diego, 85; L. Walker, Colorado, 83; ChJones, Atlanta, 76; Kent, San Francisco, 73; Lankford, St. Louis, 71; Sosa, Chicago, 71.

HITS—Gwynn, San Diego, 148; L. Walker, Colorado, 141; Piazza, Los Angeles, 120; Biggio, Houston, 120; Galarraga, Colorado, 119; C. hJones, Atlanta, 114; EcYoung, Colorado, 113.

DOUBLES—Grudzielanek, Montreal, 35; Morandini, Philadelphia, 31; Lansing, Montreal, 30; Bagwell, Houston, 29; Snow, San Francisco, 28; L. Walker, Colorado, 28; Lankford, St. Louis, 27; Bonilla, Florida, 27; Gwynn, San Diego, 27.

TRIPLES—Womack, Pittsburgh, 9; De. Shields, St. Louis, 9; W. Guerrero, Los Angeles, 8; Ronda, Pittsburgh, 7; D. Sanders, Cincinnati, 7; Tucker, Atlanta, 6; EcYoung, Colorado, 6; Daulton, Philadelphia, 6.

HOME RUNS—L. Walker, Colorado, 29; Bagwell, Houston, 26; Castilla, Colorado, 25; Bonds, San Francisco, 24; Galarraga, Colorado, 24; Karros, Los Angeles, 23; Lankford, St. Louis, 22; Hundley, New York, 22.

STOLEN BASES—D. Sanders, Cincinnati, 46; Womack, Pittsburgh, 37; D. eShields, St. Louis, 37; EcYoung, Colorado, 25; McCracken, Colorado, 23; Q. Veras, San Diego, 23; L. Walker, Colorado, 23.

PITCHING (11 Decisions)—Neagle, Atlanta, 13-2, .867, 3.31; Kile, Houston, 13-3, .812, 1.99; G. Maddux, Atlanta, 13-3, .812, 2.45; Juden, Montreal, 11-3, .786, 3.89; Estes, San Francisco, 12-4, .750, 3.04; J. Hamilton, San Diego, 8-3, .727, 4.24; Gardner, San Francisco, 10-4, .714, 3.53.

STRIKEOUTS—Schilling, Philadelphia, 191; P. JMartinez, Montreal, 172; AiBenes, St. Louis, 153; Nomo, Los Angeles, 151; K. JBrown, Florida, 138; Kile, Houston, 128; Smoltz, Atlanta, 125.

SAVES—Beck, San Francisco, 30; Nen, Florida, 25; JoFranco, New York, 25; Wohlers, Atlanta, 24; ToWorrell, Los Angeles, 23; Ecker-sley, St. Louis, 23; Hoffman, San Diego, 22.

Japanese Leagues

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yakult	49	31	1	.611	—
Hiroshima	40	37	0	.519	7½
Yokohama	38	39	0	.494	9½
Chunichi	39	43	0	.476	11
Hanshin	37	42	1	.469	11½
Yomiuri	35	46	0	.432	14½

PACIFIC LEAGUE

	W	L	T	Pct	GB
Orix	42	32	2	.566	—
Seibu	44	34	2	.563	—
Daiei	42	38	0	.525	3
Nippon Ham	40	41	1	.494	6
Kintetsu	35	44	1	.444	9½
Lotte	31	44	2	.416	11½

MONDAY'S RESULTS

CENTRAL LEAGUE

Yomiuri 4, Yakult 3
Yokohama 5, Hiroshima 1
Chunichi 3, Hanshin 1

PACIFIC LEAGUE

Nippon Ham 3, Orix 2
Kintetsu 8, Seibu 2

Saturday's Game
British Columbia 21, Winnipeg 17

CRICKET

Asia Cup

SRI LANKA VS. BANGLADESH
TUESDAY, IN COLOMBO, SRI LANKA
Sri Lanka: 296-4 (46 overs)
Bangladesh: 193-8 (46).
Sri Lanka won by 103 runs.

CYCLING

Tour de France

Results Tuesday in 181 km (112.5-miles), 18th stage between leg from Morzine, France to Fribourg, Switzerland:

1. Christophe Mengin, France, La Francaise des Jeux 4 hours, 30 minutes, 11 seconds; 2. Franck Vandenbroucke, Belgium, Mapei 3. Richard Virenque, France, Festina; 4. Gianluca Pierobon, Italy, Bofflo; 5. Laurent Dufaux, Switzerland, Festina; 6. Francesco Casagrande, Italy, Saeco; 7. Abraham Olano, Spain, Banesto; 8. Udo Bolts, Germany, Telekom; 9. Marco Pantani, Italy, Mercatone Uno; 10. Orlando Rodrigues, Portugal, Banesto, all same time.

OVERALL: 1. Jan Ullrich, Germany, Telekom 81 h., 29 m., 10 s.; 2. Virenque at 6:22 behind; 3. Pantani 10:13; 4. Fernando Escartin, Spain, Kelme 16:05; 5. Olano 16:40; 6. Casagrande 17:14; 7. Blaine Riis, Denmark, Telekom 18:07; 8. Jose Jimenez, Spain, Banesto 23:42; 9. Roberto Conti, Italy, Mercatone Uno 28:20; 10. Dufaux 29:46.

GOLF

Johnnie Walker Ryder Cup

Standings for 1997 Ryder Cup to be played Sept. 26-28 at Valderrama in Sotogrande, Spain. Top 10 finishers will qualify for the 12-man teams. U.S. captain Tom Kite and European captain Seve Ballesteros will select two players at large to complete each team:

UNITED STATES

1. Tiger Woods 1165.000 points; 2. Tom Lehman 1016.286; 3. Justin Leonard 888.500; 4. Jim Furyk 837.500; 5. Mark O'Meara 801.250; 6. Brad Faxon 727.500; 7. Scott Hoch 721.953; 8. Tommy Tolles 689.286; 9. Phil Mickelson 659.286; 10. Davis Love III 657.167; 11. Steve Jones 579.286; 12. Jeff Maggert 566.625; 13. Mark Brooks 549.750; 14. Paul Stankowski 503.333; 15. David Duval 470.000.

EUROPE

1. Colin Montgomerie, Scot. 825,400.78 points
2. Darren Clarke, N.Ireland 576,890.35
3. Ian Woosnam, Wales 505,574.69
4. Lee Westwood, England 430,658.17
5. Bernhard Langer, Germany 371,577.96
6. Per-Ulrik Johansson, Sweden 330,035.30
7. Thomas Bjorn, Denmark 327,011.59
8. M iguel Angel Martin, Spain 324,400.30
9. Costantino Rocca, Italy 303,515.29
10. Jose Maria Olazabal, Spain 261,834.06
11. Padraig Harrington, Ireland 258,015.04
12. Paul Broadhurst, England 255,644.68
13. Sam Torrance, Scotland 219,021.21
14. Ignacio Garrido, Spain 213,601.22
15. Mark James, England 210,259.86

TENNIS

WTA RANKINGS

1. Martina Hingis, Switzerland, 5,778 points.
2. Jana Novotna, Czech Republic, 3,559
3. Monica Seles, U.S., 3,181
4. Iva Majoli, Croatia, 3,165
5. Steffi Graf, Germany, 2,680
6. Amanda Coetzer, South Africa, 2,545
7. Lindsay Davenport, U.S., 2,437
8. Arantxa Sanchez Vicario, Spain, 2,436
9. Anke Huber, Germany, 2,256
10. Mary Pierce, France, 2,201
11. Conchita Martinez, Spain, 1,973
12. Irina Spirlea, Romania, 1,857
13. Mary Joe Fernandez, U.S., 1,708
14. Brenda Schultz-McCarthy, Neth., 1,593
15. Kimberly Po, U.S., 1,563

ATP RANKINGS

1. Pete Sampras, U.S., 5,388 points
2. Michael Chang, U.S., 3,743
3. Goran Ivanisevic, Croatia, 2,788
4. Alex Corretja, Spain, 2,526
5. Thomas Muster, Austria, 2,412
6. Yevgeny Kafelnikov, Russia, 2,224
7. Sergi Bruguera, Spain, 2,192
8. Thomas Enqvist, Sweden, 2,148
9. Marcelo Rios, Chile, 2,143
10. Carlos Moya, Spain, 2,085
11. Boris Becker, Germany, 1,918
12. Gustavo Kuerten, Brazil, 1,859
13. Mark Philippoussis, Australia, 1,820
14. Felix Mantilla, Spain, 1,815
15. Richard Krajicek, Netherlands, 1,752

TRANSITIONS

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

DENVER—Signed F Tony Battie to 3-year contract.
MIAMI—Signed G Charles Smith to 3-year contract.
PHILADELPHIA—Signed F Mariko Milic.
UTAH—Signed G Jacque Vaughn to 3-year contract.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

ARIZONA—Waived DT Bloine Berger and LB Wesley Leasy. Released LB Devon McDonald, OL Ben Kaufman and WR K.O. Kealakahi. Announced S Eric Castle, OL Allen DeGrottenreid and DL Matt Rice left camp.
ATLANTA—Released C Darius Smith, DT Bob Goltra and S Sean Boyd.
BUFFALO—Released WR Kendall James and DB Dwayne Provo.
CAROLINA—Placed LB Jon Evjen on reserve-retired list.
DETROIT—Signed RB Barry Sanders to 5-year contract.
GREEN BAY—Claimed SS Sean Boyd off waivers from Falcons. Released CB Matthew Dorsett. Signed DE Elliott Fortune.
HOUSTON—Signed Floyd Reese, general manager, to 4-year contract extension through 2001. Waived WR Derek Russell.
INDIANAPOLIS—Signed WR Levi Keolaluhi off waivers from the Arizona.
MIAMI—Signed WR Scott Miller to 1-year contract. Released C Cal Dixon.
NEW YORK JETS—Signed LB James Farrior to 5-year contract. Terminated contract of LB Bobby Houston. Activated QB Glenn Foley from physically unable to perform list.
OAKLAND—Signed DB Calvin Branch.
PHILADELPHIA—Released C Marc Lamb.
SAN DIEGO—Released WR Jimmy Oliver and WR Steve Daniels. Signed WR Damion Johnson.
SAN FRANCISCO—Waived P Tucker Phillips.
TAMPA BAY—Signed WR Reidel Anthony to 6-year contract and CB Anthony Parker and OL Frank Middleton to 3-year contracts. Waived CB Charles Dimry and LB Wardell Rouse.
WASHINGTON—Signed WR Felman Mahoo.

HOCKEY

NATIONAL HOCKEY LEAGUE

BUFFALO—Named Lindy Ruff coach, and signed him to multiyear contract.
CALGARY—Named Rich Preston assistant coach.

DENNIS THE MENACE

"AFTER ALL IS SAID AND DONE...HE DID IT."

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KRUMY

VEYON

THYFOR

TEENAG

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here :

(Answers tomorrow)

Yesterday's Jumbles: EPOCH NEEDY TRUSTY ORATOR
Answer: When Junior broke the vase she was — SHATTERED

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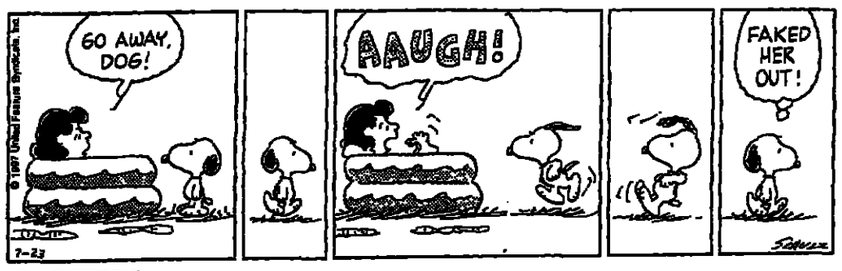
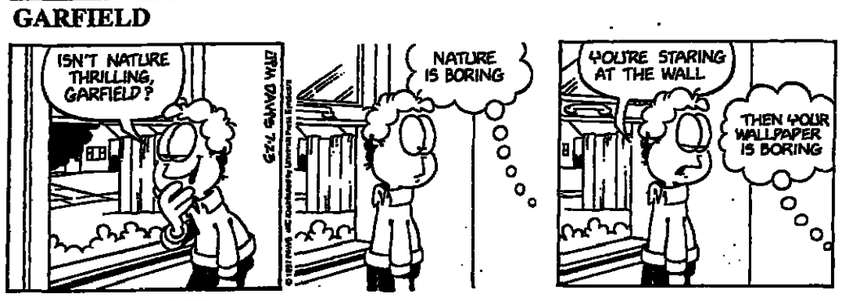


CALVIN AND HOBBES

GARFIELD



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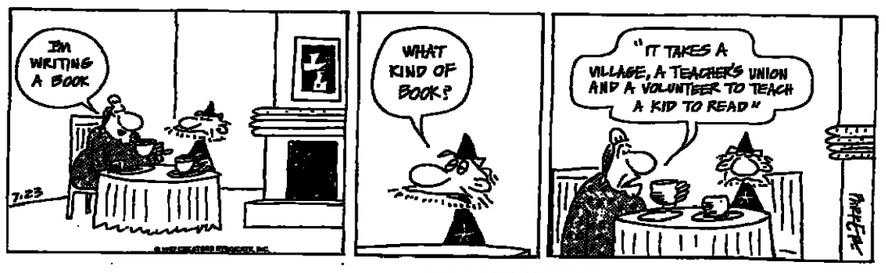

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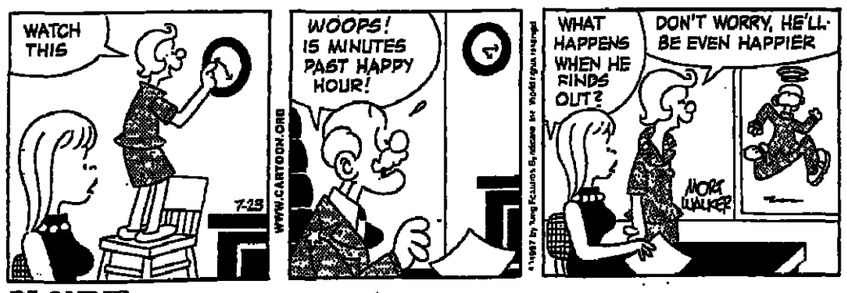

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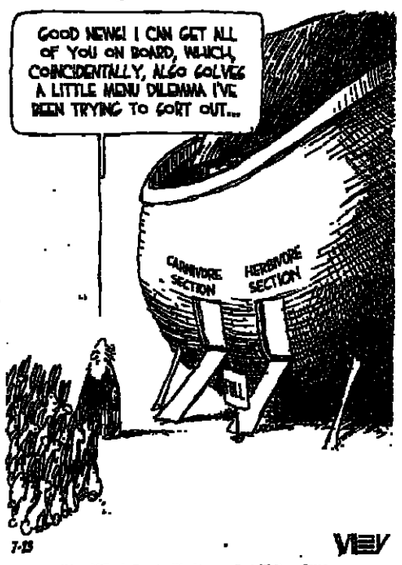

DOONESBURY

BLONDIE

OBSERVER

A Rube Kind of Thing

By Russell Baker

WASHINGTON — I am sitting in a car trying to make a telephone call. Shame to say, the car is not maneuvering in heavy traffic. It is sitting in a parking lot with the motor off.

For months now I have been watching people make telephone calls from moving cars in heavy traffic, and I want to learn how to do it.

I'd like to be as good at it as the woman who nearly killed me outside the supermarket last Thursday. She spun the steering wheel so adeptly at the last millisecond that she left me intact, despite leaving a mote of fender dust on my trousers. What was remarkable was that not for an instant did she let concern about an imminent death disturb her phone chat.

□

The point, before I forget it, is about the prophetic wisdom of Rube Goldberg. As everyone should remember, Rube Goldberg had a genius for devising absurdly complicated machinery to perform the simplest tasks. Imagine a maze of machinery more intricate than an oil refinery, whose only purpose is to drop a marble into a tin can, and you know what Rube Goldberg was up to.

The charm of his work lay not only in the absurdity of his designs, but also in their ingenuity. Studying an infinitely complex Rube Goldberg blueprint for transporting a freshly laid egg from the chicken to the frying pan, you marveled. Yes, you told yourself, it could probably work if you really needed a machine to get an egg to a pan.

Anyone at grips with the machinery we now use for simple jobs must admire Rube Goldberg as a prophet. The car telephone illustrates the case.

First, would any sensible person make a phone call from a car unless our electronic Rube Goldbergs had made it possible? There are only two good reasons for being in a car: One, you don't have to encounter an airport to get where you're going; two, it's a great excuse for being unavailable by phone.

Sensible drivers yearning for a telephone chat simply pull up to the next phone booth. Our demonic urge to fulfill the Rube Goldberg prophecy overcomes good sense.

□

And so I sit here in this parking lot studying two printed pages of instructions for making a telephone call from a car. The mind is stunned by the realization that millions of Americans, many of whom don't even know who their congressman is, can do this complicated task. And do do it every day.

Worse, it never occurs to them to laugh at how nutty it is, to despair at how dumb it is to let the telephone into the precious private space behind the wheel, to shudder at how dangerous it is to be deep in phone chatter when an 18-wheeler is making its lunge for the fast lane.

□

Anyhow, if we must have the thing in the car, why didn't it occur to the phone guys to set it up so that, when it was taken in hand, a voice would say: "Operator here. If you are in trouble I will get help immediately. If not, get off the phone before you kill somebody, possibly yourself."

New York Times Service

A Painter's Russia: 'More Awful, More Exciting'

By Roderick Conway Morris
International Herald Tribune

Maxim Kantor and his painting "Rebellion of the Pygmies" at the Venice Biennale.

VENICE — "I don't like the word 'mainstream,' which seems to be so popular these days," says Maxim Kantor, whose vigorously executed, complex oils fill the Russian Pavilion at this year's Venice Biennale. "Because someone who makes something original can't be in a 'stream' of any kind. I'm deeply convinced that there are two types of artists. Those who can create something alone, out of themselves, and those who are in 'streams,' or groups. And I don't think that real art can be produced in a group, in a crowd."

Kantor has stayed outside the mainstream with considerable success. After the Biennale, which closes Nov. 9, his work will be the subject of a major retrospective opening at the Pushkin Museum in Moscow this autumn and going on to the Schirn Kunsthalle in Frankfurt in March.

"I can never remember a time when I did not have a pencil or brush in my hand," says Kantor, 39, who was born in Moscow of a Jewish father and Russian mother.

He had his share of problems with the Soviet system. "They said that my paintings showed I didn't like people, that they were antisocial." He was refused entry to the Artists' Union, which deprived him of the right to buy painting materials at state shops, and had to exhibit at clandestine venues. His canvases were sometimes seized by the authorities.

Yet Kantor, a warm, lively character with a quick sense of humor, is anxious to play down his role as an opponent of the regime.

"I certainly saw being an artist as involving struggle," he says, "but even though I had many close friends who were dissidents, I never really thought of myself in quite this way — partly, I suppose, because there was always a danger that being a dissident could become a profession in itself."

By what he sees now as a miraculous stroke of luck, Kantor caught the eye of Henri Nannen, editor-in-chief of Stern magazine, art collector and founder of the Kunsthalle at Emden. "He came to Moscow in 1987, looked at my pictures, liked them and was the first to buy them. I am incredibly indebted to this man, because in this way I was able to begin to sell to German museums, and avoid getting entangled in the gallery system."

Although Kantor can now afford to move to the West, he has decided to sit out Russia's anarchy and increasing criminality, together with his wife, Lena, a magazine editor, and their 16-year-old son. "I think it is a sort of duty to put up with these conditions, which in some ways are not so dreadful," he says. "After all, I am a Russian, and I am among the people I grew up with, the people I love."

Kantor regards his art as containing a strong religious element. He paints from life, but in a style that might be described as heightened realism. "When I depict what I see, I try to instill it with a symbolic value above and beyond reality. When I started to paint I wanted my canvases to be a kind of memorial, a monument to the people I love, who were oppressed but who kept their dignity and remained true to themselves. And I tried to paint silent figures, in a very dry way, as though I was working in stone, or creating something like a Fayyum portrait."

The artist's earlier works, which include some extraordinarily intense portraits of members of his family, as well as the old, the poor, the inmates of prison camps, hospitals and mental wards, and wintry scenes of buildings and factories, were dominated by grays, dark blues, greens and yellows. Since the fall of communism, Kantor's palette and subject matter have undergone significant changes.

"When we entered this chaotic period of Russian history, I began to paint in brighter, more expressive colors, because reality in Russia had become in many ways more dangerous, disgusting, awful, but at the same time, more exaggerated, more exciting. Some people think that the kind of things that are going on, the violence, the gangsterism, are suitable subjects only for TV and the sensational press, not for art. But I don't agree. Look at Goya, who dealt with terrible scenes, terrible subjects, and created out of them great art."

Among the many arresting canvases on show at the Biennale, one of the most startling, "Death of a Salesman," is of a gleaming cobalt-blue car, its passengers shot to death through the bullet-holed windscreen. The image seems straight from a shock newspaper or TV picture, but was as much inspired, says Kantor, by the "troika" passage in Gogol's "Dead Souls," a mystical celebration of Russia, part of which runs (in Nabokov's translation): "Oh troika, winged troika, tell me who invented you? Surely nowhere but in a nimble nation could you have been born . . . the road gives a shiver, a passerby stops short with an exclamation of fright — and lo, the troika has wings, wings, wings . . ." Thus Kantor's macabre modern troika has come skidding to a halt, in a hail of bullets and welter of gore, in his words, "the symbol of a country that has lost control of itself and its sense of direction."

This combining of observed reality with enduring literary, philosophical and artistic resonances also emerges on some large canvases, dominated by an infernal red, in which Kantor represents totalitarianism and its disintegration, such as "State" and "Rebellion of the Pygmies," whose sources are as wide-ranging as Eastern Orthodox Judgment Day icons and Plato's "Republic," which, in turn, said Kantor, led him to draw upon Greek Red Figure vases.

Indeed, he deplores postmodernism's abandonment of traditional art in general and the ideals of Greek art in particular. "The consequence has been the rejection of individuality in art," he says.

"The point is that postmodern art has become salon art, directed at a very restricted circle of people, and the avant garde simply doesn't exist any more. When everybody is radical, then nobody is radical, when everybody is ironic, then nobody is ironic, and when everybody is a revolutionary you have a very stable, very boring regime," Kantor says.

"Postmodernism is driven by the idea that the greatest value is freedom of expression, but it has reduced art to complete nonsense," he adds. "And I really believe that after so many years of struggle for human rights and freedoms, the next great struggle should be for human responsibilities — which is an even more exciting prospect."

Elton John, right, and a bodyguard at Versace's Milan home Tuesday.

PEOPLE

THE supermodel **Naomi Campbell** wept openly Tuesday as she arrived for the funeral of **Gianni Versace**, the Italian designer who was slain a week ago. Scores of international celebrities converged on Milan to bid a last farewell. **Elton John** stood in silence for 15 minutes in front of the urn containing Versace's ashes, then burst into tears and had to be coaxed away by Gianni's brother, **Santo. Princess Diana**, a fan of Versace's glamorous, sexy clothes, flew in for the memorial Mass. All morning, friends and colleagues filed through the courtyard garden of the designer's Milan palazzo to pay their last respects — among them the skier **Alberto Tomba**, the choreographer **Maurice Bejart**, the model **Carla Bruni** and the designers **Karl Lagerfeld, Carla Fendi** and **Tai Missoni**. Campbell flew in from South Africa and went to pay her respects carrying a single white rose. The rock star **Sting** was also in town. Versace, 50, was shot to death by a lone gunman on the steps of his mansion in Miami Beach, Florida.

The American singer and actress **Whitney Houston** received emergency treatment at a hospital on the Italian island of Capri after cutting her face on rocks while swimming, hospital sources said. Houston, who starred in the blockbuster movie "Bodyguard," had minor surgery on her left cheek. "We have stitched the wound, and it doesn't leave any unsightly traces on her face," said **Dr. Raffaele Federico**. Houston has been on a Mediterranean cruise with her husband, **Bobby Brown**, and friends.

□

The **Beach Boys'** 1967 hit "Good Vibrations" has been voted the greatest single ever by a jury of 140 rock music professionals, the rock magazine Mojo reports in its latest issue. Written by **Brian Wilson** with words by **Mike Love**, the summer-of-love hit outscored the **Beatles'** double-sider "Strawberry Fields Forever"/"Penny Lane," also of 1967. **Bob Dylan's** "Like a Rolling Stone," the **Ronettes'** "Be My Baby," and **Marvin Gaye's** "I Heard It Through the Grapevine." The jury included such rock aristocrats as **Ray Davies, Paul McCartney, Rod Stewart** and **Tina Turner**. . . Former Beatle McCartney, now **Sir Paul**, has made his most ambitious foray yet into the world of classical music, composing a 75-minute symphony that will have its world premiere at London's Royal Albert Hall in October. The symphonic poem "Standing Stone" will be performed by the London Symphony Orchestra and chorus on Oct. 14.

□

Jamie Lee Curtis was in the House of Lords to see her husband take his seat, but she reportedly only uses the title Baroness, to which his peerage entitles her, to book tables in posh restaurants. The American actress watched from the visitors' gallery as her husband, the fifth **Baron Haden-Guest**, took his seat for the first time. He swore the formal oath of allegiance to **Queen Elizabeth II**, who is only present for state openings of Parliament. Until last year, Baron Haden-Guest was plain **Christopher Guest**, movie actor and scriptwriter. He inherited the peerage when his British father, the fourth Baron Haden-Guest, died on April 8, 1996.

□

Noel Gallagher, the guitarist and composer of the British rock group **Oasis**, is among a host of celebrities invited July 30 for "drinks and nibbles" at the London home of **Prime Minister Tony Blair**. Gallagher and his wife, **Meg Matthews**, are among various show business personalities who back the Labour government or have recently converted to "Blairism." Also on the guest list for the party at 10 Downing Street are the actor **Michael Caine** and **Alan McGee**, the head of Oasis' record company who pumped £50,000 ($80,000) into Blair's election campaign.

□

After just over a week battling ice and fog, the polar explorer **Will Steger** has abandoned his attempt to make a solo summer trek from the North Pole to Canada. Why? "The conditions are sobering," he messaged by e-mail.

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Germany	0130-0010	Egypt●(Cairo)*	510-0200
Greece●	00-800-1311	Israel	177-100-2727
Ireland	1-800-550-000	Saudi Arabia	1 800-10
Italy●	172 1011	AFRICA	
Netherlands●	0800-022-9111	Ghana	0191
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